(27,878)

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1920.

No. 521.

UNION TOOL COMPANY, PETITIONER,

vs.

ELIHU C. WILSON.

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE NINTH CIRCUIT.

INDEX.

	Page.
Caption	*a*
Record from district court of the United States for the southern district of California	1
Names and addresses of counsel	1
Writ of error	1
Citation and service	4
Interlocutory decree	6
Writ of injunction	14
Motion to punish for contempt	17
Order to show cause	18
Affidavit of W. W. Wilson	20
E. C. Wilson	24
Frank F. Lamb	28
Exhibit A —Tag, &c.	31
B^1—Tag, &c.	32
B^2—Tag, &c.	32
E —Tag, &c.	35
B —Tag, &c.	36
C —Tag, &c.	39

JUDD & DETWEILER (INC.), PRINTERS, WASHINGTON, D. C., JANUARY 21, 1921.

Page.

Affidavit of G. A. Montgomery 39
Reg. P. Fox 44
E. C. Wilson 50
Exhibit A—Tag, &c 54
Stipulation as to facts 56
Oral opinion 59
Decree in contempt 94
Petition for writ of error 100
Order allowing writ of error 101
Bond 103
Assignment of errors 106
Præcipe for transcript of record 109
Clerk's certificate 110
Petition for cross-writ of error 113
Order allowing cross-writ 116
Proceedings in U. S. circuit court of appeals 119
Notice of motion to dismiss writ of error 121
Motion to dismiss writ of error 122
Submission of motion 125
Order filing opinion 126
Opinion by Hunt, J 127
Judgment 135
Order denying rehearing 136
Order staying mandate 137
Clerk's certificate 139
Writ of certiorari 140
Stipulation as to return 141
Return to writ of certiorari 143

No. 521

~~No. 3397~~

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United States

Circuit Court of Appeals

For the Ninth Circuit.

ELIHU C. WILSON,

Plaintiff in Error,

vs.

UNION TOOL COMPANY,

Defendant in Error.

Transcript of Record.

Upon Writ of Error to the United States District Court of the Southern District of California, Southern Division.

Filmer Bros. Co. Print, 330 Jackson St., S. F., Cal.

Names and Addresses of Attorneys.

For Complainant and Plaintiff in Error:

GEORGE B. WILSON, 2301 East Vernon Avenue, Los Angeles, California.

For Defendant and Defendant in Error:

FREDERICK S. LYON, 504–7 Merchants Trust Building, Los Angeles, California;

A. V. ANDREWS, Union Oil Building, Los Angeles, California.

Writ of Error.

UNITED STATES OF AMERICA,—ss.

The President of the United States of America, to the Judges of the District Court of the United States, for the Southern District of California, GREETING:

Because in the record and proceedings as also in the rendition of the judgment and decree which is in the said District Court, before you in a certain proceeding in contempt had upon a certain order to show cause, made, issued and entered by you and entitled in equity suit before you known and identified as No. A.–4—B.–62 Consolidated, in which equity suit Elihu C. Wilson is complainant and Union Tool Com- defendant, and wherein a writ of injunction had been and was on November 6th, A. D. 1918, issued out of and under the seal of your court, and directed to said defendant, Union Tool Company, and its officers and attorneys, and on November 14th, A. D. 1918, same was served on defendant, Union Tool

Company, and on Edward Double, its president, Will Stewart, its vice-president, and P. W. Masten, its secretary, by which order to show cause the Union Tool Company and its said officers were cited and ordered to be and appear before you "and show cause, if any there be, why the said Union Tool Company in and by its said officers, and such others as may be shown to have violated such writ of injunction, should not be punished as and for contempt in failing, refusing and neglecting to comply with the injunction and command of this Court," a manifest error has happened to the great damage of Elihu C. Wilson, as by his assignment of errors appears, we being willing that error, if any there be, should be duly corrected, and full justice done to the party aforesaid in this behalf, do command you if judgment be therein given, that then under your seal, distinctly and openly, you send the records and proceedings aforesaid, with all things concerning the same, to the United States Circuit Court of Appeals for the Ninth Circuit, together with this writ so that you have the same at the City of San Francisco, in the [1*] State of California, on the eighth day of October next, in the said United States Circuit Court of Appeals, to be then and there heard, that the records and proceedings aforesaid being inspected, the said United States Circuit Court of Appeals may cause further to be done therein to correct that error, if any there be, what of right should be done according to the laws of the United States.

WITNESS, the Hon. EDWARD D. WHITE, Chief

*Page-number appearing at foot of page of original certified Transcript of Record.

Justice of the United States, this 18th day of September, in the year of our Lord one thousand nine hundred and nineteen and of the Independence of the United States the one hundred and forty-fourth.

[Seal] CHAS. N. WILLIAMS,
Clerk of the District Court of the United States of America, in and for the Southern District of California.

By R. S. Zimmerman,
Deputy.

The above writ of error is hereby allowed.

ROSS,
Circuit Judge.

I hereby certify that a copy of the within writ of error was on the 18th day of September, 1919, lodged in the office of the clerk of the said United States District Court, for the Southern District of California, Southern Division, for said defendants in error.

[Seal] CHAS. N. WILLIAMS,
Clerk U. S. District Court, Southern District of California.

By R. S. Zimmerman,
Deputy. **[2]**

[Endorsed]: No. A.–4—B.–62—Eq. United States District Court, Southern District of California, Southern Division. Elihu C. Wilson, Complainant, vs. Union Tool Company, Defendant. In Equity—A.–4—B.–62 (Consolidated). Writ of Error. Filed Sep. 18, 1919. Chas. N. Williams, Clerk. By R. S. Zimmerman, Deputy Clerk. **[3]**

Citation on Writ of Error.

UNITED STATES OF AMERICA,—ss.

To the Union Tool Company and Edward Double, Its President, GREETING:

You are hereby cited and admonished to be and appear at the United States Circuit Court of Appeals for the Ninth Circuit, to be held at the city of San Francisco, in the State of California, on the 8th day of October, A. D., pursuant to a writ of error on file in the clerk's office of the District Court of the United States, in and for the Southern District of California, in that certain proceeding in contempt had upon a certain order to show cause, made, issued and entered and entitled in equity suit known and identified as No. A.-4—B.-62, Consolidated, in which equity suit Elihu C. Wilson is complainant and the Union Tool Company is defendant, and wherein a writ of injunction had been and was on November 6th, A. D. 1918, issued out of and under the seal of the court and directed to said defendant, Union Tool Company, and on Edward Double, its president, Will Steward, its vice-president, and P. W. Masten, its secretary, by which order to show cause the Union Tool Company and its said officers were cited and ordered to be and appear before the Court "and show cause, if any there be, why the said Union Tool Company in and by its officers, and such others as may be shown to have violated such writ of injunction, should not be punished as and for contempt in failing, refusing and neglecting to comply with the injunction and command of this Court," and you are

defendants in error to show cause, if any there be, why the order, judgment or "Decree in Contempt" in the said proceedings, should not be corrected, and why full justice should not be done to the parties in that behalf.

WITNESS the Honorable ERSKINE M. ROSS, Judge of the United States Circuit Court of Appeals for the Ninth Circuit, this 18th day of September, A. D. 1919, and of the Independence of the United States, the one hundred and forty-fourth.

ROSS,
Circuit Judge. [4]

Received a copy of the foregoing citation this 18th day of September, A. D. 1919.

FREDERICK S. LYON,
Attorney for Defendant in Error.

Received a copy of the foregoing citation this 18th day of September, A. D. 1919.

ROBERT O'CONNOR,
U. S. Attorney.
By MILTON BRYAN,
Asst. U. S. Atty. [5]

[Endorsed]: No. A.-4—B.-62—Eq. United States District Court, Southern District of California, Southern Division. Elihu C. Wilson, Complainant, vs. Union Tool Company, Defendant. In Equity—A.-4—B.-62 (Consolidated). Citation. Filed Sep. 18, 1919. Chas. N. Williams, Clerk. By R. S. Zimmerman, Deputy. [6]

United States District Court, Southern District of California, Southern Division.

IN EQUITY.

Nos. A.–4—B.–62 CONSOLIDATED (Known as A.–4 Consolidated).

ELIHU C. WILSON,

Complainant,

vs.

UNION TOOL COMPANY,

Defendant.

Interlocutory Decree.

The above consolidated suits having come on regularly for final hearing before the Court upon the proofs and proceedings taken and had on behalf of the respective parties, and the suits having been submitted to the Court upon argument and briefs of Raymond Ives Blakeslee on behalf of complainant and Frederick S. Lyon on behalf of defendant, and due time having been taken for consideration thereof:

IT IS ORDERED, ADJUDGED AND DECREED:

I.

That complainant Elihu C. Wilson, was the original, first and sole inventor of the underreamer set forth, described, disclosed and claimed in letters patent of the United States No. 827,595, granted and issued the 31st day of July, 1906; that said letters patent are good and valid in law, particularly as to *to* claims 2, 4, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 and 19 thereof; that the said invention was not known or used by others, before the said Elihu C. Wilson's in-

vention or discovery thereof, or more than two (2) years prior to the application of said Elihu C. Wilson for said letters patent, nor patented nor described in any printed publication in the United States of America or any foreign country before the said Elihu C. Wilson's invention or discovery [7] thereof, or more than two (2) years prior to his application for said letters patent in the United States of America, nor in public use or on sale in the United States of America for more than two (2) years prior to said application of said Elihu C. Wilson for said letters patent, nor patented in any foreign country on an application filed more than twelve (12) months prior to filing of said application by said Elihu C. Wilson for said letters patent in the United States, and not abandoned; that said letters patent No. 827,595 were issued in due form of law and after due examination and procedure by the Commissioner of Patents as to the novelty and patentability and utility of said invention; that by the said letters patent there was granted and secured to the said Elihu C. Wilson, his heirs, legal representatives and assigns, for the term of seventeen (17) years from and after the 31st day of July, 1906, the sole and exclusive right, liberty and privilege to make, use and vend the said invention throughout the United States of America and the Territories thereof; that prior to the granting and issuance and delivery of said letters patent all proceedings were had and taken which were required by law to be had and taken prior to issuance of letters patent for new and useful inventions; and that the

title to said letters patent is in the complainant, as alleged in the bill of complaint.

II.

That the invention set forth, described, disclosed and claimed in and by said letters patent No. 827,595 is of great value and has been extensively practiced by the complainant; that immediately after the production of said invention by said Elihu C. Wilson underreamers embodying and containing the said invention went into extended and general use and largely displaced all other underreamers or tools for the purposes for which such underreamers or tools are intended, and became, together with the underreamers manufactured by the [8] defendant herein, the underreamers in general use in the State of California and elsewhere in underreaming wells; that the trade and public and users of such underreamers and kindred tools have generally respected, acknowledged, and acquiesced in the validity and scope of said letters patent, and the exclusive rights and title of complainant in, to and under said letters patent, and the validity and scope of said letters patent and the title of complainant thereto have been generally acknowledged, respected and acquiesced in by all manufacturers except the defendant herein and its predecessors in interest, and save and except for the wrongful and unlawful acts of the defendant herein in infringement of said letters patent, complainant would have been in the continued and exclusive enjoyment and possession of all the rights, liberties and privileges under, and all the right, title and

interest in, to and under, said letters patent, and the same would have been of great and incalculable benefit and advantage to complainant; that upon each and every one of said underreamers manufactured, used or sold by or for complainant, since the date of the granting, issuance and delivery of said letters patent, the word "patented," together with the day and date of the issuance of said letters patent, to wit, July 31st, 1906, have been plainly marked or stamped, thereby notifying the public of the said letters patent; that the defendant, long prior to the commencement of this suit and the filing of the bill of complaint herein, had full, complete and personal knowledge of, and had been notified in writing of, the granting and issuing of said letters patent No. 827,595, and of complainant's rights under said letters patent, and prior to the commencement of the wrongful and unlawful and infringing acts of defendant had full knowledge and notice of the grant, issuance and delivery of said letters patent to complainant, and of complainant's rights thereunder, and demand had been made upon defendant to respect the said letters patent and not to infringe thereon, but that notwithstanding such notice the defendant has made, used, leased or sold or leased and [9] sold, and has continued to make, use, lease or sell or lease and sell underreamers embodying the said invention of said letters patent No. 827,595.

III.

That the two suits Nos. A.–4 and B.–62 consolidated and joined and merged together to constitute this unitary cause of action were, upon order of the

Court, duly and properly consolidated, merged and joined together, whereby the pleadings, proofs, proceedings and offers in evidence of the parties in each of such suits became and are the pleadings, evidence, proceedings and proofs of the parties in such consolidated suit or cause of action, whereby the defendant herein further was, as to any such pleadings, proceedings, evidence and proofs of infringement and wrong doing charged therein, charged with infringement of claims 2, 4, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 and 19 of the said letters patent No. 827,595.

IV.

That defendant has infringed upon said letters patent, and particularly upon claims 9 and 19 thereof, which are as follows:

> 9. An underreamer body terminating in prongs forming a fork and provided with shoulders on the inner faces of the prongs which form cutter-ways and terminate in downwardly-projecting lugs, and cutters mounted between the prongs of said fork and having shoulders inside the fork and faces to bear on the projecting lugs.
>
> 19. An underreamer comprising a body terminating in two prongs, and cutters each having two shoulders and a bearing-face on the inner side of each of the two shoulders to engage said prongs,—

by the manufacture and sale or lease, or sale and lease of the so-called "Double Improved" and "Type F. Underreamers" like "Complainant's Exhibit Improved Double Reamer and Cutters" and "Complain-

ant's Exhibit Defendant's Reamer Type D," and "Complainant's Exhibit Reamer Type E," and "Complainant's Exhibit Reamer Type F"; and that each of said Double underreamers or said underreamers like said complainant's exhibits embodies and contains and embraces the invention patented in and by [10] said letters patent No. 827,595, and particularly embraced within each of said claims 9 and 19; that each of said Double underreamers or reamers like said mentioned complainant's exhibits is an infringement upon each of said claims 9 and 19 of said letters patent No. 827,595, but not upon the other or any other claims thereof; that each of said Double underreamers or underreamers like said complainant's exhibits was and were manufactured and sold or leased or sold and leased by defendant without the license or consent or permission and also against the will of complainant, and in infringement and violation of said letters patent No. 827,595 and of the exclusive rights and privileges and liberties thereby granted and secured to complainant.

V.

That defendant, its officers, directors, attorneys, agents, servants, workmen, employees and assistants, and each and every of them, be perpetually enjoined and restrained from manufacturing or causing to be manufactured, using or causing to be used, leasing or causing to be leased, selling or causing to be sold, in any manner, either directly or indirectly, any underreamer or underreamers like or embodying the construction or inter-relation or formation of parts of either "Complainant's Exhibit Improved Double

Reamer and Cutters," or "Complainant's Exhibit Defendant's Reamer Type D," or "Complainant's Exhibit Reamer Type E," or "Complainant's Exhibit Reamer Type F"; and from manufacturing or causing to be manufactured, selling or causing to be sold, using or causing to be used, leasing or causing to be leased any part or parts or elements calculated and intended to be combined or used as a part or feature of any underreamer or device in infringement of said letters patent No. 827,595, that is of claims 9 and 19 thereof, in any manner whatsoever, or from manufacturing, or causing to be manufactured, using or causing to be used, selling or leasing or causing to be sold or leased, [11] either directly or indirectly, any combination of parts or elements or features capable of being assembled together or used in infringement of said letters patent No. 827,595, that is of claims 9 and 19 thereof.

VI.

That complainant recover of the defendant the profits, gains and advantages which said defendant has derived, received, realized or made by reason of said infringement by defendant; and that complainant recover of said defendant any and all damages which complainant has sustained or shall sustain by reason of said infringement by defendant.

VII.

And it is hereby referred to Lynn Helm, Esq., as Special Master of this court, who is appointed *pro hac vice* to take and state the account of said gains, profits and advantages and to assess such damages,

and to report thereon with all convenient speed, and the said Union Tool Company, its officers, directors, attorneys, agents, servants, employees, workmen and assistants, and each of them, is and are hereby directed and required to attend before said Special Master from time to time as he may require, and to produce before him such books, papers, vouchers, documents, records or other things, and to submit to such oral examination, as the special master may require.

VIII.

That complainant do have and recover judgment against defendant Union Tool Company for the sum of $631.64, being eighty (80%) per cent of complainant's otherwise full costs and disbursements herein, minus Forty Dollars ($40.00); and that the further questions of increase of damages be reserved **[12]** until the coming in of the special master's report.

Dated September 8, 1916.

EDWARD E. CUSHMAN,
District Judge.

Decree entered and recorded Sept. 8, 1916.

WM. M. VAN DYKE,
Clerk.
By T. F. Green,
Deputy.

(Endorsed): In Equity—Nos. A.–4—B.–62 Consol. United States District Court, Southern District of California, Southern Division. Elihu C. Wilson, Complainant, vs. Union Tool Company, Defendant. Interlocutory Decree. Filed Sep. 8, 1916. Wm. M. Van Dyke, Clerk. T. F. Green, Deputy. Raymond

Ives Blakeslee, 728–30 California Building, Los Angeles, Cal., Solicitor for Complainant. [13]

In the United States District Court, Southern District of California, Southern Division.

Nos. A.–4—B.–62—EQUITY, Consolidated.
(A.–4, Consolidated.)

ELIHU C. WILSON,

Complainant,

vs.

UNION TOOL COMPANY,

Defendant.

Writ of Injunction.

The President of the United States of America, to Union Tool Company, Its Officers, Directors, Attorneys, Agents, Servants, Workmen, Employees and Assistants, GREETING:

Whereas, Elihu C. Wilson has filed on the Chancery side of the District Court of the United States for the Southern District of California, in the Southern Division thereof, a bill of complaint against Union Tool Company, and has obtained an allowance of an injunction as prayed for in said bill, and an order and decree allowing such injunction has been affirmed by the Circuit Court of Appeals for the Ninth Circuit;

NOW, THEREFORE, we having regard to the matters in said bill of complaint contained, do hereby command and strictly enjoin you, the said Union Tool

Company, your officers, directors, attorneys, agents, servants, workmen, employees and assistants, and each and every of you, to forthwith and immediately refrain from manufacturing or causing to be manufactured, using or causing to be used, leasing or causing to be leased, selling or causing to be sold, in any manner, either directly or indirectly any underreamer or underreamers like or embodying the construction or inter-relation or formation of parts of either "Complainant's Exhibit Improved Double Reamer and Cutters," or "Complainant's Exhibit Defendant's Reamer Type 'D,'" or "Complainant's Exhibit Reamer Type 'E,'" or "Complainant's Exhibit Reamer Type 'F'" (being exhibits offered and received **[14]** in evidence in this cause) and from manufacturing or causing to be manufactured, selling or causing to be sold, using or causing to be used, leasing or causing to be leased any part or parts or elements calculated and intended to be combined or used as a part or feature of any underreamer or device in infringement of letters patent No. 827,595 (being the letters patent sued on in this cause), that is, of claims 9 and 19 thereof, in any manner whatsoever, or from manufacturing or causing to be manufactured, using or causing to be used, selling or leasing or causing to be sold or leased, either directly or indirectly, any combination of parts or elements or features capable of being assembled together or used in infringement of said letters patent No. 827,595, that is, of claims 9 and 19 thereof; which commands and injunction you are respectfully required to observe and obey.

Hereof fail not under penalty of the law thence ensuing.

WITNESS the Honorable EDWARD D. WHITE, Chief Justice of the United States, this 6th day of November, 1918.

[Seal] Attest: CHAS. N. WILLIAMS, Clerk of the United States District Court, Ninth Judicial District, Southern District of California, Southern Division.

By R. S. Zimmerman,
Deputy Clerk. [15]

Form No. 282.

RETURN ON SERVICE OF WRIT.

United States of America,
So. District of Cal.,—ss.

I hereby certify and return that I served the annexed injunction on the therein named Union Tool Co. by handing to and leaving a true and correct copy thereof with Edward Double, President, P. W. Marsten, Secy., and Will Stewart, Vice-pres., of said Union Tool Co., personally at Los Angeles, in said District, on the 14th day of November, A. D. 1918.

C. T. WALTON,
U. S. Marshal.
By J. W. Bell,
Deputy.

[Endorsed]: Marshal's Civil Docket No. 3642. Nos. A.-4—B.-62—Eq., Consol. In the United States District Court, Southern District of California, Southern Division. Elihu C. Wilson, Complainant,

vs. Union Tool Co., Defendant. In junction. Copy of within left at office of Frederick S. Lyon at 4:30 P. M., Nov. 1, 1918, Mr. Lyon being in attendance at trial in New York City at that time. Leonard S. Lyon. Filed Nov. 26, 1918. Chas. N. Williams, Clerk. By R. S. Zimmerman, Deputy Clerk. Raymond Ives Blakeslee, 727–30 California Building, Los Angeles, Cal., Solicitor for Complainant. **[16]**

In the United States District Court, Southern District of California, Southern Division.

IN EQUITY.

No. A.–4—B.–62, Consolidated.

ELIHU C. WILSON,

Complainant,

vs.

UNION TOOL COMPANY,

Defendant.

Motion for Punishment for Contempt of Court.

Comes now the complainant by counsel and moves that defendant Union Tool Company and its officers, to wit, Edward Double, president, William Stewart, vice-president, and P. W. Masten, secretary, and such other and further officers, agents, employees, workmen and others as may appear to have violated the injunction issued out of and under the seal of this Court in accordance with the interlocutary decree of this Court, dated July 8, 1916, be pun-

ished for contempt of court, or otherwise dealt with as may appear proper, for violation of such injunction, to wit, the writ of injunction issued out of this court November 6th, 1918.

This motion will be made upon the pleadings, proofs, records and proceedings on file and of record in said cause and upon the affidavits hereto affixed and made a part of this motion.

G. BENTON WILSON,
RAYMOND IVES BLAKESLEE,
Solicitors and Counsel for Complainant. **[17]**

In the United States District Court, Southern District of California, Southern Division.

IN EQUITY.

No. A.-4—B.-62, Consolidated.

ELIHU C. WILSON,

Complainant,

vs.

UNION TOOL COMPANY,

Defendant.

Order to Show Cause.

Upon reading and filing the motion of complainant that defendant in said cause be punished for contempt of court, or otherwise dealt with as may appear proper, and upon reading and filing the affidavits upon which said motion is based, it appearing therefrom that the said Union Tool Company, and its

several officers and others are charged with contempt of Court for violation of the writ of injunction heretofore issued in said cause, it is hereby ordered that the said Union Tool Company, in and by its officers, to wit, Edward Double, president, William Stewart, vice-president, and P. W. Masten, secretary, be and appear before this Court on Monday, the 5th day of May, 1919, at ten o'clock A. M., in the courtroom of said court in the Federal Building, Los Angeles, California, and show cause, if any there be, why the said Union Tool Company in and by its said officers, and such others as may be shown to have violated such writ of injunction should not be punished as and for contempt in failing, refusing and neglecting to comply with the injunction and command of this Court; and it is further ordered that a copy of this order, the said motion and the affidavits upon which it is based, be served on the said Union Tool Company, by its proper officers, not later than the 28th day of April, 1919.

Dated April, 1919.

By the Court:

BLEDSOE,
Judge. [18]

In the United States District Court, Southern District of California, Southern Division.

IN EQUITY.

No. A.–4—B.–62, Consolidated.

ELIHU C. WILSON,

Complainant,

vs.

UNION TOOL COMPANY,

Defendant.

Affidavit of W. W. Wilson, Dated April 23, 1919.

Now comes W. W. Wilson, resident of Los Angeles, County of Los Angeles, State of California, and being duly sworn according to law deposes and says:

That he is the vice-president of the Wilson and Willard Manufacturing Company, a corporation organized under the laws of the State of California, and whose principal place of business is located at 2301 East Vernon Avenue, City of Vernon, County of Los Angeles, State of California.

That he is familiar with the construction and use of well-drilling devices particularly underreamers and those manufactured by the Wilson and Willard Manufacturing Company under the Wilson Patent, as well as those manufactured by the Union Tool Company of Torrance, County of Los Angeles, State of California, under the Double patent.

That his employment requires him to frequently visit the several oil fields of Southern California for

the purpose of informing himself at all times of the numbers and types of well-drilling devices used in said fields.

That since November 6th, 1918, he has seen numerous newly manufactured Double Underreamers and parts therefor in said oil fields, and constantly sees new Double Underreamers and repair and spare parts therefor, arriving in said fields and bearing shipping tags from the aforesaid Union Tool Company's Plant, at Torrance, County of Los Angeles, State of California.

That many of these spare parts such as the cutters are identical with the cutters used in Improved Double Underreamers, **[19]** the manufacture, sale and use of which Improved Double Underreamers, Cutters and other spare and repair parts therefor is prohibited by the injunction of this Court.

That the said Union Tool Company is extensively manufacturing and shipping to the oil fields an underreamer and parts therefor which is designated in an advertisement as "Pocket Type Double Underreamer" as shown by the two correction sheets issued by the said Union Tool Company to its customers to be inserted in said Company's Catalog so as to cancel and take the place of its advertisement of the "Improved Double Underreamer" now under injunction as aforesaid. Copies of these correction sheets are attached hereto and marked exhibit "A."

That this so-called "Pocket Type Double Underreamer" differs in no respect from the Double Improved Underreamer excepting that small triangular

fillets of metal are left at the sides of the lower end of the hollow slotted extension as shown by the photograph attached hereto and marked exhibit "B" and which shows in comparison the bodies of a Double Improved Type and a Double Pocket Type Underreamer. This photograph was taken by deponent on April 5th, 1919, in the Standard Oil Company's scrap-yards at Taft, County of Kern, State of California.

That these fillets of metal do not change in any manner whatsoever the mode of operation of the underreamer nor differentiate it in any manner or degree from the Double Improved Underreamer covered by said injunction. Also the several parts of said Pocket Type Double Underreamer such as the cutter, rod, spring, and keys are identical with and are used, interchangeably with the same parts of the Double Improved Underreamer bodies aforesaid.

That the cutters purporting to be furnished by the said Union Tool Company for this so-called "Pocket Type Double Underreamer" are being shipped into the several oil fields of Southern California in large numbers by the Union Tool Company's **[20]** Plant aforesaid, and that these cutters usually bear a small paper tag pasted thereon and containing the printed inscription "Made for Pocket Type Reamer."

That the Union Tool Company aforesaid is manufacturing, advertising and offering for sale and selling still another so-called type of underreamer which said Company designates as its "Type U Double Undeareamer." This underreamer is the same as

the so-called "Pocket Type Double Underreamer" excepting for slight changes which are colorable only and obviously intended to cause it to appear different from the "Doube Improved Underreamer." These changes consist of walls left in the back of the cutters at the sides of the notch and flush with the sides of the cutter shanks so as to transform the notch into a rectangular box-like recess. The Pocket Type Double Underreamer body is then altered by planing two grooves in each of the opposite parallel bearing faces to accommodate these walls at the sides of the notch in the cutter. The effect accomplished is merely to remove a little material from the hollow slotted extension and add it to the cutter shank. Neither the operation of the underreamer nor the object it accomplishes differ in mode or degree from the operation and results obtained by the Double Improved Underreamer covered by said injunction. The Double Improved Cutters can be used in this so-called Type U body and Double Improved Bodies can be and are being readily altered to accommodate these Type U. Cutters. Likewise these Type U Cutters can be readily altered by any Tool Dresser or Blacksmith so as to be used in the Double Improved Underreamer Bodies. Two photographs marked exhibit "C" and exhibit "D" illustrating this Type U Double Underreamer and Cutter are attached hereto and made a part of this affidavit.

The deponent has seen and closely examined these Types U and Pocket Type Underreamers and verily believes that not by accident but by skilful design

they have been constructed so their several elements can be and are being, in violation of [21] said injunction, used as a method of supplying spare and repair parts for the numerous infringing underreamers the defendant Union Tool Company has previously sold.

W. W. WILSON.

Subscribed and sworn to before me this twenty-third day of April, 1919.

[Seal] D. R. BRUNHAM,

Notary Public in and for said Los Angeles County, California.

My Commission expires August 12, 1922.

[Endorsed]: In the United States District Court, Southern District of California, Southern Division. Elihu C. Wilson, Complainant, vs. Union Tool Company, Defendant. In Equity—No. A.-4—B.-62, Consolidated. [22]

State of Oklahoma,
County of Tulsa,—ss.

Affidavit of E. C. Wilson, Dated March 19, 1919.

E. C. Wilson, being first duly sworn, deposes and says:

That he is a citizen of Los Angeles, California, and is president of the Wilson & Willard Mfg. Company, a firm located in the city of Los Angeles, and engaged in the manufacture of certain oil well tools and machinery, that its products, one of which is the Wilson Underreamer, are sold principally through the

various oil well supply companies throughout the United States and foreign countries.

That by reason of dealings with the different supply companies he is familiar with the goods they handle, particularly, underreamers of competing makes, and by what firms and on what basis they are handled.

Deponent also states that the Continental Supply Company, a firm doing a general oil well supply business, and whose principal place of business is in St. Louis, Mo., is a recognized agent of the tools and machinery manufactured by the Union Tool Company, of West Chicago, and Los Angeles, and that this is particularly the case in regard to the Double Underreamers.

Deponent states that not only do they advertise that they are the Agents for the Double Underreamer, such being well established throughout the Mid-Continent oil fields, but, while endeavoring to persuade them to stock Wilson underreamers, affiant has been assured by Mr. C. C. Lemon, Sales Manager, of the Continental Supply Company's Tulsa store, also by Mr. D. D. Myers, Manager of their Tulsa Division, and also by Mr. Wilkinson, General Purchasing Agent, and located in St. Louis, that their connections with the Union Tool Company, being the Union Tool Company's authorized Agent for the Double underreamer made it impossible for them to consider stocking Wilson underreamers.

That the above statements were made to affiant during the fall of 1918, and that on this day he was

assured by Mr. F. J. Hinderliter, manager of the tool department of the Oil Well Supply Company's Oklahoma division, that they understand that the Continental Supply Company is at present a recognized agent for Double underreamers, that his company frequently purchases Double underreamers, or extra parts for same, obtaining them of the Continental Supply Company, where a complete stock of Double underreamers is carried.

Deponent further states that from his own observation the various stores of the Continental Supply Company carry Double Underreamers in stock, receiving them direct from the Union Tool Company's West Chicago plant, same being so tagged, and marked by the Union Tool Company's shipping tags when received and placed in stock; that such underreamers and extra parts are being received from the Union Tool Company even up to a very late date; that the affiant was assured by one of the employees of the Continental Supply Company that they were **[23]** now expecting a large shipment of Double underreamers and extra parts for their Tulsa store; that affiant further states that he personally saw a large quantity of cutters for Double Improved Underreamers on the floor of the Continental Supply Company's Tulsa store, same being about ten days ago, and was then assured by one of the employees of said store that they were selling Double improved underreamer cutters in large quantities; that within the last two months a quantity of cutters of the same

type of at least twice the quantity then on the floor have been received from Chicago and sold.

Affiant further states that on or about March 8th, 1919, Mr. J. C. Sloan, President of the Oklahoma Tool & Supply Company, informed him that they had been carrying Double improved underreamers and extra parts for same, based upon an understanding, viz., by a letter from the Union Tool Company, that that company would protect the Oklahoma Tool & Supply Company from any damages which they might sustain through litigation; that affiant was assured by employees of the Oklahoma Tool & Supply Company, that Double improved underreamers and extra parts for same have been received in Tulsa as late as February 21st, 1919. Furthermore, affiant states that he, himself, saw Double Improved Underreamers in the store of the Oklahoma Tool & Supply Company in Tulsa, bearing the Union Tool Company's tags, showing same were shipped to the Oklahoma Tool & Supply Company, at Tulsa, Oklahoma, from the West Chicago plant of the Union Tool Company, and that at least one such tag, viz.: the tag then on a 5-3/16" Double Improved Underreamer, No. 9109, had noted on the back thereof, that same had been received February 21st, 1919, and which is in accord with information provided as above stated.

The affiant further states that he has been informed by different employees of the Oklahoma Tool & Supply Company that they, namely, the Oklahoma Tool & Supply Company, are agents for the Double Underreamer, buying same direct of the Union Tool

Company West Chicago, Illinois. That affiant has also been informed that said Company was the recognized agent of the Double underreamer, even before the Continental Supply Company obtained an agency for the same reamer.

E. C. WILSON.

Subscribed and sworn to before me this the 19th day of March, 1919.

[Seal] BEULAH A. HULL,
Notary Public.

My commission expires March 27th, 1922. **[24]**

United States District Court, Southern District of California, Southern Division.

A.–4—B.–62, Consolidated.

E. C. WILSON,
Plaintiff,

vs.

UNION TOOL CO., a Corporation,
Defendant.

Affidavit of Frank F. Lamb, Dated March 12, 1919.

State of Oklahoma,
Tulsa County,—ss.

Frank F. Lamb, being duly sworn and upon oath, deposes and says:

That on March 12th, 1919, he visited the Oklahoma Tool & Supply Company at their place of business in Tulsa, Oklahoma, in company with E. C.

Wilson, of Los Angeles, California; that he was there shown a number of Double Improved Underreamers of various sizes and that after looking over the stock he selected an underreamer, known as 5-3/16"-17# Double Improved Underreamer; that he purchased and paid for the said Double Improved Underreamer, and had the same delivered to him by the said Oklahoma Tool & Supply Company; that said underreamer was stamped "9109." That affiant paid the Oklahoma Tool & Supply Company for the said underreamer complete the sum of $367.50, and obtained therefor a receipted invoice, which invoice is hereto attached and marked Plaintiff's Exhibit "C." That said underreamer was identified by tag attached thereto, and marked Plaintiff's Exhibit "A," a duplicate copy of which is hereto attached, and marked, Plaintiff's Exhibit "A." That at the time affiant purchased the said underreamer there was attached to the said underreamer a tag, which was an ordinary shipping tag, and upon which was printed in bold black type the words "From [25] Union Tool Co., Manufacturers of Oil Well Drilling Tools, Heavy Forgings, Fishing Tools, Bits and Jars a Specialty, West Chicago, Ill., U. S. A." That upon said tag was stamped in red ink the words, "The Oklahoma Tool & Supply Company, Tulsa, Oklahoma." That when the said underreamer was delivered to the affiant in the city of Tulsa, the above-described tag had been torn from the said underreamer, and the wire with which it was attached and the eye of the tag were still attached to the underreamer.

That upon the same date, in the city of Tulsa, Oklahoma, this affiant purchased from the Continental Supply Company of Tulsa, Oklahoma, a set (2) of 8¼" cutters for Double Improved Underreamer, said cutters to be used in 8¼"–28# casing; that the said underreamer cutters were stamped as follows; one being marked L–67, and the other being marked L–43; that affiant paid the Continental Supply Company for the said underreamer cutters the sum of $73.30. That affiant took from the Continental Supply Company, a receipted invoice, No. 2961, dated March 12th, 1919, which receipt invoice is hereto attached, and marked Plaintiff's Exhibit "D." That the said underreamer cutters were delivered to the affiant in the city of Tulsa, and affiant attached thereto a tag for identification to each cutter, one of which tags is marked Plaintiff's Exhibit "B–1" and to the other, Plaintiff's Exhibit "B–2."

That when the said underreamer cutters were purchased by the plaintiff, they had attached to one of the said cutters a shipping tag, which was printed in bold black type, "From Union Tool Company, Manufacturers of Oil Well Drilling Tools, Heavy Forgings, Fishing Tools, Bits and Jars a Specialty; West Chicago, Ill., U. S. A." That there was printed with rubber stamp upon said tag, in red ink, the words, "The Continental Supply Company, Tulsa, Oklahoma." Also said tag bore the following, "Order No. 35326." That said tag is attached to this affidavit, and marked Plaintiff's Exhibit "E," [26] That when the said cutters were purchased from the Continental Supply Company at

Tulsa, affiant was told by one of the men who was working for said Continental Supply Company that the said cutters had been received from the Union Tool Company at Chicago, Ill., about three weeks prior to said March 12th, 1919.

That both the underreamer and the cutters were taken to the Nichols Transfer Company in Tulsa, Oklahoma, and there in the presence of the affiant, E. C. Wilson, instructed the Nichols Transfer Company to properly crate the said underreamer and cutters, and ship them by express to the Wilson & Willard Manufacturing Company, Los Angeles, California.

Further affiant saith not.

FRANK F. LAMB.

Subscribed and sworn to before me this the 12th day of March, 1919.

[Seal] BEULAH A. HULL.

My commission expires March 27th, 1922. [27]

United States District Court,
Southern District of California,
Southern Division.

A.–4—B.–62, Consolidated.

E. C. WILSON,

Plaintiff,

vs.

UNION TOOL CO., a Corporation,

Defendant.

(Seal)

Exhibit "A." [28]

United States District Court,
Southern District of California,
Southern Division.

A.–4—B.–62, Consolidated.

E. C. WILSON,

Plaintiff,

vs.

UNION TOOL COMPANY, a Corporation,

Defendant.

(Seal)

Exhibit "B 1." [29]

United States District Court,
Southern District of California,
Southern Division.

A.–4—B.–62, Consolidated.

E. C. WILSON,

Plaintiff,

vs.

UNION TOOL COMPANY, a Corporation,

Defendant.

(Seal)

Exhibit "B 2." [30]

General Offices:
Tulsa, Okla.

Branch Stores:
Bartlesville.
Drumright.
Okmulgee.

OKLAHOMA TOOL & SUPPLY CO.

Oil and Gas Well Supplies, Pumping Jacks, Rig Irons, Casing Line Pipe and Tubing, Pull and Sucker Rods, American Wire Lines, Cordage, Mill Supplies.

FRANK F. LAMB.

Sold to	Tulsa, Okla., 3/12/19.
Address	Our order 41471
Shipped to	Your order
Destination	Ordered by—Lamb
Via Call	Salesman—Allen
Car No.	F. O. B.
Lease.	Well No.

Terms: Unless otherwise specified, 2 per cent discount if paid by the 20th of month following purchase. No discount allowed on freight or second hand goods. Interest charged after 60 days. All claims must be made within 30 days. Railroad company's receipt for merchandise in good order constitutes delivery. To obtain allowance for shortage or damage, customer must have railroad agent note condition of shipment on freight bill.

1	5/3/16" 17# Double Improved Under-reamer #9109. With Std. Pin & Square	500.00	500.00	25%	375.00
	Complete With Tools		Less	2%	7.50
					367.50

Rec'd payment 3/12/19.

C. SHUPERT.

(Notarial Seal)

We hereby guarantee that the articles or commodities herein listed were manufactured or produced by us in accordance with the federal child labor law of September 1, 1916, or were purchased by us under a guarantee that in their manufacture or production, all the requirements of said law had been complied with.

OKLAHOMA TOOL & SUPPLY CO. [31]

Form 103-10-1-18—3M Bks.

Tulsa, Okla., March 12, 1919.

No. 2961. Duplicate.

THE CONTINENTAL SUPPLY CO.

Charge to Cash Sale.

Frank Lamb.

Farm ———. Well No.———. Order No. ———.

Ordered by Frank F. Lamb. Received by Frank F. Lamb.

Delivered March 12, 1919.

Sold by Paul Thieman. Shipped via Called for.

Always show name of salesman.

	List.	Gross.	Dis.	Net.
1-set 8¼-28# Double Imp. under Reamer Cutters.	7480		02	73.30

#L 67—#L 43.

Paid, 3 12-18.

[Notarial Seal] PAUL THIEMAN.

Material Checked Out by P. T. Priced by ———.
Checked by ———. Extensions O. K. ———.
C. O. D. No. ———. No. of Sales Report ———.
Date of Sales Report ———. [32]

Form No. 147. 5M. 9–18.

THE CONTINENTAL SUPPLY COMPANY.
Tulsa, Okla.
Order No. 35,326.

From

UNION TOOL CO.,

Manufacturers of

Oil Well Drilling Tools, Heavy Forgings, Fishing Tools, Bits and Jars a Specialty.

West Chicago, Ill., U. S. A.

(Endorsed on back:)
L–43) AA
)
L–46)
)
Inspector J. R. R. [33]

with wire through same L
Dennisons L Cloth)
Plaintiff's Exhibit "F"

Associated Oil Co.
Casmalia,
Calif.,

From

UNITED TOOL CO.,

Manufacturers of

Oil Well Drilling Tools, Gas and Steam Engines, Fishing Tools, Bits and Jars a Specialty.

Torrance, Calif.

(Hole for fasting tag)
International Tag Co—Chicago.
Exhibit B.

(Endorsed on back of tag:)

Associated
Oil Co.

8432

8¼

Casmania

April 14th -19

R. P. FOX. [34]

Associated Oil Co.
Casmalia,

Calif.,

From

UNION TOOL CO.,

Manufacturers of

Oil well drilling tools, gas and steam engines.
Fishing Tools, Bits and Jars a Specialty.

Torrance, Calif.

(Hole for fasting tag)
International Tag Co—Chicago.

(Endorsed on back of tag:)

8481

8¼

Exhibit B.

April 14th, '19. Associated Oil Co., Casmania.
R. P. FOX. [35]

Form 803-A. Standard 3-18-50000

COPY OF FREIGHT BILL.

Casmania.

Station April 8, 1919.

Freight)
Bill No.)

Consignee, A. O. Co.
Destination

Route

(Point of Origin to Destination)

To SOUTHERN PACIFIC COMPANY, Dr., For Charges on Articles Transported:

Waybilled from	Waybill Date and No.	Full Names of Shipper.	Car Initials and No.
Los Angeles	4/4–1493.	Union Tool Co.	So. 254694.
Point and Date of Shipment.	Connecting Line Reference.	Previous Waybill References.	Original Car, Initials and No.

Number of Packages, Articles and Marks.	Weight.	Rate.	Freight.
(2) Underreamer Bodies	480	40	336
(2) Drill Bits COPY.	420	49	206
	4–9–19		

Advances	Total.
To Collect.....	559
Prepaid	17
Total Collected by Agent	542

Make Checks Payable to the Company.

Delivered to
M. P. E.

A. L. Smith, Consignee,

Subject to storage or demurrage Charges in Accordance with Published Tariffs.

[Endorsed on back:]

Copied by R. P. Fox from original bill at Casmania and witnessed by M. P. Ellis—freight clerk April 14, 19.

R. P. FOX.

Exhibit B.

[36]

Fullerton Oil Co.

RECEIVED
R. C. F.
FEB. 6, 1919.

Brea

Calif.

SALES DEPT.
Ansd.

From

UNITED TOOL CO.

Maufacturers of

OIL WELL DRILLING TOOLS, GAS AND STEAM ENGINES, FISHING TOOLS, BITS AND JARS A SPECIALTY.
TORRANCE, CALIF.

(Hole for fasting tag) International Tag Co—Chicago.

Exhibit C.

(Endorsed on back of tag)
Feb. 5th, 1919, 2 P. M.

This tag was taken by the undersigned from a 15½" Double Underreamer cutter.

R. P. FOX. [37]

Affidavit of G. A. Montgomery, Dated April 21, 1919.

County of Ventura,
State of California,—ss.

Now comes Gustavus A. Montgomery, a resident of the City of Santa Paula, County of Ventura, State of California, and being duly sworn according to law, deposes and says:

That he is employed by W. J. Sheehan as foreman

of the W. J. Sheehan Oil Tool Machine Company's machine-shop at Santa Paula, Ventura County, California, and has been so employed at all times since November, 1917.

That on January 15th, 1919, one Richard Smith, who represented himself to the deponent as the superintendent of the Union Tool Company's manufacturing plant at Torrance, county of Los Angeles, State of California, came to the deponent at Santa Paula and said Smith brought with him one Double Underreamer body, size about 6¼ inches, and directed that certain machine work be done upon said Underreamer body in order to adapt it to a form and type of cutters differing from the form and type of cutters heretofore used with this particular style of Underreamer body.

Deponent states that he is familiar with well-drilling underreamers, and has himself invented and patented improvements in these devices. That he understands the underreamers manufactured by the Union Tool Company aforesaid, under the Double patents, and that the underreamer body above referred to was what is known as a "Pocket Type Underreamer," which is precisely the same as the well-known "Double Improved" Type, excepting that it has small fillets left in the outer ends of the notches which accommodate the upper shoulders of the cutter heads.

That the aforesaid Richard Smith directed the deponent to plane two grooves about 1⅝ inches apart in each of the opposite parallel bearing faces of the hollow, slotted extension of the said reamer

body. Each of these grooves was about 4¾ inches long by ⅜ inches wide and was cut so the bottom was downwardly and inwardly inclined. The grooves [38] were planed out close to the sides of the parallel bearing faces upon which the cutters rest when in expanded position.

The cutters for this reamer body, when same has been altered as above described, are the same as the cutters heretofore used in the "Double Improved Underreamer" body excepting that the notch in the back of the cutter is not carried clear across the cutter shank, but is limited by walls flush with the a notch but is rather a rectangular pocket, or box-like recess in the back of the cutter shank. The grooves which were cut in the reamer body, as above set forth, are intended to accommodate the side walls of this pocket or recess when the cutters are in collapsed position.

When this alteration was completed by the deponent the said Richard Smith directed that the bill for deponent's labor be sent to the Union Tool Company at Torrance, County of Los Angeles, State of California, and a copy of said bill is attached hereto. Said Richard Smith then departed with the reamer body, so altered, remarking that he would deliver the same to the Willard Lease, about six miles south of the town of Santa Paula, County of Ventura, State of California.

IN WITNESS WHEREOF the deponent has hereto set his hand and seal this 21st day of April, 1919.

GUSTAVUS A. MONTGOMERY.

Subscribed and sworn to before me this 21st day of April, 1919.

[Seal] ALMA B. WIGHT,

Notary Public in and for the County of Ventura, State of California.

My commission expires Dec. 22, 1920. [39]

W. J. SHEEHAN OIL TOOL MACHINE CO.

ORDER NO. 38.

Santa Paula, Cal.

Jan. 15, 1919.

Sold to Union Oil Tool Co., Torrance.

Bill

Ship to Torrance, Calif.

THEIR ORDER No. R. Smith,

At——— Via———

DESCRIPTION:	LABOR. Date.	Workman.	Hrs.	Rate.	Amount.
Cutting clearance for Improved underreamer, and making other minor fittings.	1/15	Mont.	3		6.00
This repair on new Double underreamer, ... (20y)....					
MATERIAL:					

Total Labor.....	
Add Material	
Freight, Cartage, etc.	
Total	6.00
Total	

Copy. [40]

TIME SHEET.

———, 191—.

W. J. SHEEHAN,
Coalinga, Cal.

Name ———.

No. Hours.	Description of Work.	Order No.	Material Used.

Made
Copy/by Warenton
4/12/19,

WARENTON.

In presence of Fox and
Montgomery.

(Endorsed on back:)

No. 38. Jan. 15, 1919.

Sold to Union Oil Tool Co., Torrance. Their Order No.

R. Smith.

Due
Ship to Torrance, Cal.

Description:
Cutting clearance for Improved Underreamer and making other minor fittings.

	hrs.	
1/15–Mont–3		6 00
Total..		...6 00

[41]

In the United States District Court, Southern District of California, Southern Division.

IN EQUITY.

No. A.-4—B.-62, Consolidated.

ELIHU C. WILSON,

Complainant,

vs.

UNION TOOL COMPANY,

Defendant.

Affidavit of Reg. P. Fox, Dated April 5, 1919.

Now comes Reg. P. Fox, a resident of Santa Monica, county of Los Angeles, State of California, and being duly sworn according to law deposes and says:

That he is employed as a salesman by the Wilson & Willard Manufacturing Company, and whose principal place of business is located at 2301 East Vernon Avenue, city of Vernon, County of Los Angeles, State of California.

That his employment requires him to frequently visit the several oil fields of Southern California for the purpose of informing himself at all times of the numbers and types of well-drilling devices used in said oil fields.

That he is familiar with the construction and use of well drilling underreamers and particularly those manufactured by the Wilson & Willard Manufacturing Company, under the Wilson patent, and those manufactured by the Union Tool Company,

under the Double patent, at Torrance, County of Los Angeles, State of California.

That since November 6th, 1918, he has seen numerous newly manufactured Double Underreamers and parts therefor in said oil fields, and constantly sees new Double Underreamers and repair and spare parts therefor arriving in said fields and bearing shipping tags from the Union Tool Company's plant aforesaid.

That many of these underreamers and parts therefor are of the style published and advertised for sale by the said Union Tool Company as the "Pocket Type Double Underreamer," which said Pocket Type Double Underreamer differs in no [42] respect from the Double Improved Underreamer excepting that small triangular fillets of metal are left at the sides of the lower end of the hollow slotted extension as shown in the photograph attached hereto and marked Exhibit "A." Said photograph was taken by deponent on or about April 11th, 1919, in the machine-shop of the Montebello Oil Company near Fillmore, County of Ventura, State of California, and shows a Pocket Type Double Underreamer, No. 8303, size ten inch.

That these fillets of metal do not change in any manner whatsoever the mode of operation of the underreamer nor differentiate it in any manner or degree from the Double Improved Underreamer. Also the several parts of said Pocket Type Double Underreamer such as the cutter, rod, spring, and key are identical with and are used interchangeably with the similar parts of the Double Improved Underreamer.

That the cutters furnished by the said Union Tool Company and purporting to be for use only with this so-called "Pocket Type Double Underreamer" are being shipped into the several oil fields of Southern California in large numbers from the Union Tool Company's plant aforesaid, and that these cutters usually bear a small paper label pasted thereon and containing the printed inscription "Made for Pocket Type Reamer."

Deponent knows of numerous sales and deliveries by the Union Tool Company aforesaid, of the so-called Pocket Type Double Underreamers to various operators in the California oil fields since November 6th, 1918, and as a specific instance of such sale and delivery of these devices will say that: On or about April 14th, 1919, the deponent visited the properties of the Associated Oil Company at Casmalia, County of Santa Barbara, State of California, and therein saw two size eight and one-fourth inch Pocket Type Double Underreamers No. 8432 and No. 8481, together with several sets of cutters for same, said cutters differing in no wise from the [43] cutters used in the Double Improved Underreamer. These cutters bore labels announcing that said cutters were intended for use in the Pocket Type Reamer. These underreamers had been shipped by the Union Tool Company from Los Angeles on April 4th, 1919, in car No. S. O. 254,694, and were received by the Associated Oil Company on or about April 9th, 1919. A copy of the freight bill was made by the deponent in the presence of M. P. Ellis, the freight clerk for the Southern Pa-

cific Company at Casmalia, aforesaid, on April 14th, 1919, and is attached hereto and marked Exhibit "B." The shipping tags were removed from the two above-described underreamers and are attached hereto as part of Exhibit "B." These underreamers were photographed by the deponent and copies of said photographs are attached hereto as part of Exhibit "B."

That the Union Tool Company aforesaid is delivering to operators in the several oil fields underreamer cutters for the type of underreamers known as the Double Improved Underreamers, namely: On or about February 4th, 1919, the deponent saw on the property of the Fullerton Oil Company, at Brea, County of Orange, State of California, a pair of Double Improved Underreamer cutters size about fifteen and one-half inch which had just arrived on said property. One of the shipping tags was removed from these cutters by deponent and is attached hereto and marked Exhibit "C." Also a photograph taken by deponent is attached hereto as a part of Exhibit "C," and which shows one of the Double Improved Cutters aforesaid.

That the Union Tool Company aforesaid, is manufacturing, advertising and offering for sale and selling still another so-called type of underreamer which said Company designates as its "Type U Double Underreamer," namely: On or about April 9th, 1919, deponent saw at Well No. 7, on the property of the Columbia Oil Company at Brea, county of Orange, State of California, one size and one-quarter inch so-called Double Underreamer No. 8338, stamped

with the letters [44] "U. T. Co.," and accompanied by two sets of cutters. The drillers at this well informed the deponent that the underreamer and cutters had been shipped to said property only four or five days prior to deponent's visit. The deponent photographed this underreamer and cutters, and copies of said photographs are attached hereto and marked Exhibit "D." This underreamer is the same as the so-called "Pocket Type Double Underreamer" excepting for slight changes which are colorable only and obviously intended to cause it to appear different from the Double Improved Underreamer. These changes consist of walls left in the backs of the cutters at the sides of the notch and flush with the sides of the cutter shanks so as to transform the notch into a rectangular box-like recess. The body is the same as that of the Pocket Type Double Underreamer excepting that it has two grooves planed into each of the opposite parallel bearing faces to accommodate the aforesaid walls of the sides of the notch in the cutter. The Double Improved Cutter can be used in this so-called Type U Body and Double Improved Bodies can be and are being readily altered to accommodate these Type U Cutters. Likewise these Type U Cutters can readily be altered by any tool-dresser or blacksmith so as to be used in the Double Improved Underreamer Body.

That on or about April 16th, 1919, the said Union Tool Company, through its agent, the Paul N. Boggs Company at Coalinga, County of Fresno, State of California, furnished the deponent one of its cata-

logs of spare parts of Double Underreamers and said catalog is attached hereto and marked Exhibit "E." This catalog is intended to promote the sale of extra and spare parts of the Union Tool Company's several underreamers, illustrates and gives the names and the numbers of the several parts or elements of the "Improved," "Type 'D,'" and "Type 'F'" styles of Double Underreamers as well as "Type 'C,'" "Type 'G,'" and "Type 'H,'" of said Union
[45] Tool Company's underreaming devices.

That on or about April 16th, 1919, said Union Tool Company, through its agent, the Paul N. Boggs Company aforesaid, furnished the deponent one of its catalogs describing the "Type U Double Underreamer" and said catalog is attached hereto and marked Exhibit "F." The illustrations in this catalog do not faithfully depict the several examples of this Type U Double Underreamer observed by the deponent in the oil fields, in that it shows the cutters as bearing only on that portion of the hollow slotted extension which lies between the two grooves therein, whereas the devices examined by the deponent in the oil fields have also bearings for the cutter heads on the outside of said slots. This is illustrated in the two photographs attached hereto and marked Exhibit "G," one of which shows Union Tool Company's Reamer No. 260, size six and one-quarter inches and which photograph was taken by deponent on or about April 20th, 1919, on the property of Oak Ridge Oil Company near Santa Paula, County of Ventura, State of California, where said reamer had recently been delivered; and the other photograph shows the

Union Tool Company's Reamer No. 8473, size eight and one-quarter inches and which photograph was taken by deponent on or about April 15th, 1919, at the warehouse of the Paul N. Boggs Company, at Coalinga, Fresno County, State of California.

REG. P. FOX.

Subscribed and sworn to before me this twenty-fifth day of April, 1919.

[Seal] MILDRED LEACH,
Notary Public in and for said Los Angeles County, State of California. **[46]**

[Endorsed]: In the United States District Court, Southern District of California, Southern Division. Elihu C. Wilson, Complainant, vs. Union Tool Company, Defendant. In Equity—No. A.–4—B.–62, Consolidated. **[47]**

United States District Court, Southern District of California, Southern Division.

A.–4–B.–62, Consolidated.

E. C. WILSON,

Plaintiff,

vs.

UNION TOOL COMPANY, a Corporation,

Defendant.

Affidavit of E. C. Wilson, Dated March 13, 1919.

State of Oklahoma,
Tulsa County,—ss.

E. C. Wilson, being duly sworn and upon oath, deposes and says:

My name is E. C. Wilson, a resident of Los Angeles, California, and am president of the Wilson & Willard Manufacturing Company, and the plaintiff in the above-entitled action.

That on Friday, March 8th, 1919, I visited the store of the Continental Supply Company, of Tulsa, Oklahoma, and saw a large quantity of underreamer cutters for Double Improved Underreamers, and which cutters were on the first floor of the Continental Supply Company's store. I made a careful estimate of the quantity and found that there were approximately 136 underreamer cutters for 8¼-Double Improved Underreamers about 36 for 6–5/8" Double Improved underreamers, and a small quantity for what seemed to be 5–3/16" cutters for Double Improved Underreamers. A considerable quantity of the above-stated cutters bore shipping tags, one of which I removed from an 8¼" cutter. This tag is attached to this affidavit and made a part thereof, marked Exhibit "A." It bears the words in black ink, "From Union Tool Co. Manufacturers of Oil Well-Drilling Tools, Heavy Forgings, Fishing Tools. Bits and Jars a Specialty. West Chicago, Ill. U. S. A." The tag also bears the words, stamped in red ink, "The Continental Supply Company, Tulsa, [48] Oklahoma." The tag also bears the words and figures, "Order No. 35,326." I was informed by one of the employees of the Continental Supply Company at that time, and while in their store, that they were selling a large quantity of underreamer cutters of that type; that within the last two months they had

received and sold more than twice the quantity then on the floor.

I was informed by another of their employees that they had been informed by the Union Tool Company that the Double Improved Underreamer was not effected by the injunction issued by the Circuit Court in the above-entitled case, and that furthermore, they had been selling the Double Improved Underreamers and extra parts for same with that understanding. He stated they could not understand our position in the matter and our contentions that that type of underreamer was under the injunction in view of the assurances they had had from the Union Tool Company.

I also visited the store of the Oklahoma Tool & Supply Company, and learned they were receiving from the Union Tool Company, of Chicago, Double Improved Underreamers and extra part for same, and selling them upon the same assurances from the Union Tool Company. Furthermore, one of the officers of the Oklahoma Tool & Supply Company informed me that the Union Tool Company had assured his company that they would protect his company from any damages or losses, which might result from any litigation in the matter.

I was also assured by one of the officers of the Oil Well Supply Company, located in Tulsa, that at one time the Cosden Oil Company had expected to order a considerable quantity of Wilson underreamers from them, as they expected to be unable to procure any of the Double Improved Underreamers, or extra cutters or other parts for underreamers of that type,

but that he later learned that the said Cosden Oil Company had found it an easy matter to procure the said Double Improved Underreamers and extra parts for same, even after the general announcement had been made through the newspapers [49] and by circular letter that that type of double underreamer was covered by the injunction and was to be suppressed.

In company with Frank F. Lamb, I visited the store of the Oklahoma Tool & Supply Company, on the morning of March 12th, 1919, and there pointed out to him a 5 3/16" Double Improved Underreamer, and which underreamer bore a number stamped thereon, 9109, and instructed him to purchase that underreamer, securing receipted invoices for same; same to be shipped by express to the Wilson & Willard Mfg. Company, Los Angeles, California. This underreamer was selected for the reason that I was informed by the employees of the Oklahoma Tool & Supply Company that it had been received from the Union Tool Company, of Chicago, on February 21st, 1919. At the time we inspected this underreamer, it bore a Union Tool Company's shipping tag, having the consignee's name, viz.: The Oklahoma Tool & Supply Company stamped in red ink thereon; on the back of the tag was stamped the words, Received 2–21.

When this underreamer was delivered to the Nichols Transfer Company preparatory to crating and shipping, that tag had been torn off, leaving only the eye of the tag attached to the underreamer. The said underreamer, and underreamer cutters, were

boxed and also tagged, said tags identifying the underreamer as Plaintiff's Exhibit "A" and the cutters as Plaintiff's Exhibit "B–1" and Plaintiff's Exhibit "B–2."

While in Tulsa, I have been asked repeatedly by various oil well supply men, and oil well operators how it is that the Double Improved Underreamers and cutters for same are being sold with impunity by the supply companies, and evidently in defiance of the injunction.

E. C. WILSON.

Subscribed and sworn to before me, this 13th day of March, 1919.

[Seal] BEULAH A. HULL,
Notary Public.

My commission expires 3/27/1922. [50]

Exhibit "A."

Form No. 147 5–M 9–18.

THE CONTINENTAL SUPPLY COMPANY,
Tulsa, Okla.

Order No. 35,326.

From

UNION TOOL CO.

Manufacturers of

Oil Well Drilling Tools, Heavy Forgings, Fishing Tools, Bits and Jars a Specialty.
West Chicago, Ill., U. S. A.

(Hole in tag for fastening with wire attached.)
Exhibit "A." [51]

State of California,
County of Los Angeles,—ss.

Jennie Shutt, being duly sworn, according to law, says: That she is a citizen of the United States, and upwards of the age of twenty-one years, and employed in the office of Raymond Ives Blakeslee, one of the solicitors for complain*tiff* in the suit mentioned in the foregoing annexed papers; that on the 28th day of April, 1919, she served a true and exact copy of each of the foregoing annexed affidavits, motion and order, minus, however, the annexed paper exhibits referred to in such affidavits, upon Frederick S. Lyon, solicitor for defendant, at the office of said Lyon, Merchants Trust Building, Los Angeles, California, by delivering such copies of said papers to said Lyon personally, at the same time exhibiting to him the foregoing original annexed papers and attached exhibits.

JENNIE SHUTT.

Subscribed and sworn to before me this 28th day of April, 1919.

[Seal] MILDRED LEACH,
Notary Public in and for the County of Los Angeles, State of California. [52]

[Endorsed]: In Equity. No. A.-4—B.-62, Consol. In the United States District Court, Southern District of California, Southern Division. Elihu C. Wilson, Complainant, vs. Union Tool Co., Defendant. Motion, Order, Affidavits, etc. Filed Apr. 28, 1919. Chas. N. Williams, Clerk. By R. S. Zimmerman, Deputy Clerk. Received copies of the within affi-

davits, motion and order minus all exhibits marked this 28th day of April, 1919. ————, Solicitor for defendant. Raymond Ives Blakeslee, 727–30 California Building, Los Angeles, Cal. George Benton Wilson, Solicitor for complainant. [53]

In the United States District Court, Southern District of California, Southern Division.

IN EQUITY.

No. A.–4—B.–62, Consolidated.

ELIHU C. WILSON,

Complainant,

vs.

UNION TOOL COMPANY,

Defendant.

Stipulation as to Facts.

It is hereby stipulated and agreed by and between the parties hereto, through their respective counsel, that the defendant herein admits and the complainant is therefore relieved from proving the following allegations of the complainant in his petition and the affidavits attached thereto in support of his motion praying for an order of this Court citing the defendant to show cause why it should not be punished for contempt because of its alleged violation of the injunction issued in this cause on November 6, 1918:

I.

That the defendant herein, both before and since

the service of the injunction in this cause on November 14, 1918, has manufactured and sold numerous of, and intends, unless otherwise ordered by this Court, to continue to manufacture and sell its underreamer known by it and advertised to the trade as the "Double Pocket Type" underreamer, together with extra, spare, and repair parts therefor; and the parties hereto through their respective counsel, have selected one of said "Double Pocket Type" underreamers to be submitted to this court as Exhibit "A" as exemplifying said "Pocket Type" underreamer. [54]

II.

That the defendant herein, since the service of the injunction in this cause on November 14, 1918, has manufactured and sold, and intends, unless otherwise ordered by this Court, to continue to manufacture and sell its underreamer known by it and advertised to the trade as the "Double Type U" underreamer, together with extra and repair parts therefor; and the parties hereto, through their respective counsel, have selected as an illustration of said "Double Type U" underreamer either the wooden model to be marked Exhibit "B," or a "Double Type U" underreamer embodying the actual construction, except as made in metal embodied in said wooden model, same to be marked Exhibit "B."

III.

That the defendant herein, since the service of the injunction in this cause on November 14, 1918, has manufactured and sold, and intends, unless otherwise ordered by this Court, to continue to manufacture

and sell cutters, springs, spring rods, keys, cotterpins, and all parts except bodies, as "extra" or repair parts for and to be used with the underreamers particularly referred to and described in the Interlocutory Decree and injunction aforesaid in this cause (excepting Type F reamers) and which were sold by the defendant to dealers and users prior to the service of said injunction.

Nothing in this stipulation shall be construed as limiting the right of either party to submit testimony at such hearing as to any other or additional material facts and such testimony shall be taken either orally in open court or by deposition with the adverse party afforded an opportunity to cross-examine.

GEORGE BENTON WILSON,
Solicitor for Complainant.
FREDERICK S. LYON,
Solicitor for Defendant. **[55]**

[Endorsed]: No. A.-4 and B.-62—Eq. United States District Court, Southern District of California, Southern Division. Elihu C. Wilson, Complainant, vs. Union Tool Co., Defendant. Stipulation as to Facts. Filed Jul. 23, 1919. Chas. N. Williams, Clerk. By Maury Curtis, Deputy Clerk. **[56]**

In the District Court of the United States for the Southern District of California, Southern Division.

Hon. BENJAMIN F. BLEDSOE, Judge Presiding.

A.–4—B.–62, Consolidated.

ELIHU E. WILSON,

Plaintiff,

vs.

UNION TOOL COMPANY,

Defendant.

Oral Opinion of the Court.

APPEARANCES:

GEORGE B. WILSON, Esq., and RAYMOND I. BLAKESLEE, Esq., for Plaintiff.

FREDERICK S. LYON, Esq., and A. V. ANDREWS, Esq., for Defendant.

Los Angeles, California, July 30, 1919. [57]

Los Angeles, California, Wednesday, July 29, 1919, 10 A. M.

The COURT.—In the matter of Wilson against the Union Tool Company, in contempt, I advised counsel for the defendant and respondent over a telephone that I had come to the conclusion that the proffered matter sent to and thereafter emanating from the Patent Office with respect to an application for patent made by the respondent Double, was probably admissible upon at least one phase of the case, and requested counsel to provide me with the matter

which they offered the other day, so that I could give it consideration, and at the opening of court I would vacate the order heretofore made and permit the matter to be filed as part of the proceedings in evidence, as a part of the showing made by the respondent. Have you examined it, Mr. Wilson?

Mr. WILSON.—I have not examined it, no.

The COURT.—I have examined it (hands paper to Mr. Wilson for examination), and given consideration to the matters that are set forth therein. My conclusion is that it is relevant to the extent that it may have the effect of showing the good faith or want of wilfulness on the part of the defendant. I am still persuaded that it has no effect as being a conclusive or binding adjudication upon this Court with respect to the terms and efficacy of the injunction. It will be admitted and marked as an exhibit.

(The paper referred to is marked Defendant's Exhibit "XX.")

I have given this case all of the consideration that has been available to me, even at the expense of burning some midnight oil, since the matter was submitted, taking it up immediately, partly because of pressure of other matters that required my early attention, and partly because of the character of the proceeding here and of the importance of a determination so that the rights of the parties may become fixed, in so far as they may be fixed by an expression of [58] opinion and a determination of this Court.

The litigation between these parties met me at the inception of my incumbency on this bench, and it

has been here ever since, and promises to be left as a heritage to my heirs, from the way the matter seems to be developed from time to time; and I want to put as much of it behind me as possible, as the same may arise, in order that there may be some degree of peace and quiet thereby encouraged as between these litigants, so that the community may be less disturbed by their very tedious and prolonged litigation. Seemingly if they cannot litigate about one thing they will about another.

Now, this proceeding comes up on an assertion on the part of the successful litigation, that the defendant has violated the injunctive order of this Court. At the very inception of the consideration of the case we are caused to inquire, What did this Court enjoin? And that is answered in no uncertain way by the terms of the injunction order, which has all the force and efficiency that a final, affirmed, unreversed, and, indeed, uncertioraried order of this Court of the United States possibly could have.

The defendant, Union Tool Company, was enjoined from manufacturing or using, leasing or selling or causing any of those various things to be done, any underreamer or underreamer like—that is, similar to or the equivalent of, or, carrying on the language of the injunction, "or embodying the construction of inter-relation or formation of parts of either the Double Improved or Type 'D,' or Type 'E,' or Type 'F' reamer manufactured by the defendant; and from manufacturing or causing to be manufactured, selling or causing to be sold, using or causing to be used, leasing or causing to be leased, any part or

parts or elements calculated and intended to be combined or used as a part or feature of any [59] underreamer or device in infringement of Letters Patent No. 827,595, that is, of claims 9 and 19 thereof, in any manner whatsoever, or from manufacturing or causing to be manufactured, using or causing to be used, selling or leasing or causing to be sold or leased, either directly or indirectly, any combination of parts or elements or features capable of being assembled together or used in infringement of said letters patent No. 827,595, that is, if claims 9 and 19 thereof."

Now, the proofs adduced upon the hearing, together with the stipulation of counsel introduced in evidence, or made a part of the record, rather, with respect to the occurrences of the past since the service of the order of the injunction—and this injunction was served on the defendant, Union Tool Company, by leaving a copy with Edward Double, president, on the 14th day of November, 1918—show that the defendant has manufactured and sold spare parts, that is, repair parts, to be used in connection with and in furtherance of the utility of reamers admittingly within the terms of the injunction, but sold by it previous to the issuance or service of the injunction. And in addition, the proofs show that the defendant has sold, from time to time, whenever and wherever it could, apparently, its self-styled Double pocket type and its other self-styled Type "U" underreamers. The defense urged upon this hearing is that neither the manufacture nor the sale of the so-called pocket type is a violation of the in-

junctive order, and that the same is true of the so-called "U" type.

This injunction, as we all know, is the result of litigation long pending here in this court, in which an injunctive decree, or interlocutory decree, was first issued by Judge [60] Cushman, of the Western District of Washington, sitting here upon assignment, from which an appeal was taken by the defendant, the Union Tool Company, and upon which appeal and in consequence thereof, the decree of Judge Cushman was affimed. Thereafter, a petition for a rehearing was filed before the Circuit Court of Appeals, which had rendered the affirmance, and which petition was in due course denied, without the filing of any additional opinion, so far as I am able to gather from the record; and thereafter a writ of certiorari was sought in the Supreme Court of the United States upon the entire record, which writ was denied; and thereupon this particular injunction, in virtue of the interlocutory decree thus affirmed, was issued.

I am constrained to agree with counsel for the defendant, as expressed in their petition, or argument, rather, before the Supreme Court of the United States for a writ of certiorari, to the effect that the reasons for the issuance of the injunction are largely to be determined by what Judge Cushman said in his decree. There is a long opinion written by the Circuit Court of Appeals which touches at great length upon the construction and infringement of the Type "F," but it does not indulge at any great length upon the construction or rationale of the in-

fringement of the other types of defendant. But, be that as it may, the Circuit Court of Appeals affirmed the decision and the holding—the conclusion, and therefore, presumably the reason—because it did not dissent—of Judge Cushman, and therefore, I feel that this Court may with propriety follow the reasoning and the logic of Judge Cushman, as the same is announced in his first and then in his subsequent opinion upon the rehearing. And in that opinion, reading from the record in the Circuit Court of Appeals, No. 2918, being the record of this case on appeal, at page 65 et seq., it is noted, first, that after referring to the Double patent involved in companion suit No. 1540, which was decided by Judge Cushman adversely to the **[61]** complainant in this case, but which determination was reversed upon appeal, calling attention to the patent involved there and the patent involved in this case, being No. 827,595, Judge Cushman, at the very outset of his opinion almost, says:

> "Departures by the defendant from the structure, as described in the Double patent, it is complained by the complainant, infringe the patent in suit."

So that we have the suggestion from the very beginning that the complaint of the plaintiff here was not because the Double people were making an instrumentality in similitude or at all like the device, which was the subject of their own patent, but that they had departed therefrom. That must be kept in mind, because that is the thread that runs through the entire claim of the defendant, and the thread

which finally weaves into the fabric which resulted in this injunction.

Judge Cushman then describes somewhat in detail the Wilson invention, as illustrated and limited by claims 9 and 19, and he says, on page 76:

> "Passing to claims 9 and 19, it has already been found that, as ways for the cutter to slide or ride on, the facts of the prongs and lugs were no more than equivalents of the ways found in the Double invention; but, in so far as these prongs or lug-faces afforded bearings for the cutter when in reaming position is concerned, a different question is presented, and this is the feature covered by claims 9 and 19."

And that "different question" which is presented, is the question in the case upon which the decision hinges, and the question involved in this litigation at the present time.

He goes on, on page 78—reading only those things which seem to me to be both illuminating and persuasive with respect to the precise point that is now before the Court:

> "In so far as these bearings in defendant's 'Double Improved' and Type 'F' extend upon the faces of the lug or lugs beyond the sides of the diameter of the pocket in which the cutter is mounted, they are mechanical equivalents of the bearing on the outer face of the lugs in the patent in suit, and the same is true of the widened portion of the inner surface of the cutter adapted to bear upon such portion of the face of the lug. It matters not that, in the device

shown in evidence, the cutter head extends but a little distance upon this **[62]** bearing, for to that extent, defendant has appropriated what does not belong to it and, therefore, infringes."

He himself indicates that the mere question of inches or fraction of inches is not a determining or controlling factor in the case at all. Of course, if the extension upon the new bearing surfaces was so slight in amount as to be negligible, and as not to afford any inthrust bearing on the face of the cutter itself, then, of course there would be no appropriation of the property of the plaintiff; but to the extent, as he indicates, however little the distance might be, so long as it was a distance suitable to and actually used for the purpose of an inthrust bearing upon the head of the cutter, as contradistinguished from an inthrust bearing solely upon the shank of the cutter, to that extent, in line with his decision, there would be trespass and infringement.

He also proceeds, upon the same page:

"If cutting away the interposed web in the Double device to allow the cutters to collapse more completely was patentable, on the same principle, cutting away the side web to give the cutter yet a greater bearing was also patentable and, if appropriated, infringement results."

He then proceeds, on the same page:

"In the earlier Double devices there were secondary dovetails adjacent to the junction of the cutterhead and shanks, with corresponding ways in the inner faces of the extension, forming

the recess in which the cutter is mounted on the body."

And that phrase, "mounted on the body," occurs elsewhere in the opinion and should not be overlooked. I think it forms a distinctive feature which should be kept in mind, and refers to the position of the reamer by which it is secured in place in the recess, and has no reference at all to the position of the reamer when it is actually in operation, in so far as those two different situations may be thus differentiated and distinguished.

> "These added ways caused an outward flare at the mouth of the recess, or pocket. As these ways were made deeper and the flare increased, a wider bearing would be given an opportunity for a wider faced cutter to bear upon it; **[63]**

So far, so good.

> "but when defendant departed from this form of construction and entirely sheared away the side web of the extension to form a lug, the bearing faces to accommodate the wider cutterhead, he appropriated the invention and conception of Wilson, and particularly of the patent in suit."

Now, the gist of the entire argument of the defendant as made here in court, and as reduced to writing and furnished to the court thereafter by two different installments, is that there must be an *entire* shearing away of the side web of the extension, in order—under the terms of the decision and within the limits of the reasoning of Judge Cushman—that there should be infringement, and therefore, violation of this injunction; but they misconceived, with-

out question, the character and kind and sort of shearing away that is referred to. It was not a lateral shearing, in one sense; it was a vertical shearing. It had reference to any shearing which took from the top of the available lug the material that had been superimposed upon it before, with the inevitable and natural and mechanical result of thereby affording a new inthrust bearing; and it never was intended, and that is shown by the conduct and the argument of the defendant all through, that the more complete lateral shearing away of the web was the thing that was referred to by Judge Cushman when he said "entirely sheared away." It was the shearing away entirely of such portion on either side as would afford a new inthrust bearing.

> "The fact that defendant did not appropriate the, perhaps, relatively more important conception of Wilson, whereby the cutter shanks were allowed to collapse between the prongs, does excuse it, or take from the infringement it has practiced, for the seat or bearing of the cutter-head on these faces, or lugs, is not dependent upon the swing in collapse of the cutter-shanks between the prongs."

Therefore it was held that the machine of the defendant infringes claims 9 and 19.

Now, I am frank to say, I have not had the opportunity to read all of this record that went to the Circuit Court of Appeals, and upon which this application is based and heard, **[64]** some of which is very, very interesting, but I have read a good portion of it, and I may say that as I am at present minded,

with only this limited and qualified knowledge of all of the facts that were adduced for the consideration of the Court, I am rather inclined to think that I would have found some difficulty myself in coming to a conclusion that the structure of the defendant read upon the claims 9 or 19 of the plaintiff in that that structure, except in virtue of a very broad, liberal and helpful construction, does not approach the prong structure that is an essential part of the combination of the plaintiff, as the same is described in its claims. Both claims, 9 and 19, using the language:

> "9: An underreamer body terminating in prongs forming a fork; and, 19: an underreamer comprising a body terminating in two prongs."

I say, with my limited knowledge of the situation and of all of the matters involved, and of the prior art, it seemingly would have been difficult for me to have read the structure of the defendant upon those two claims of the patent; but Judge Cushman, in his opinion on rehearing, evidently considered that matter, because he says:

> "Counsel for defendant has again urged upon the Court consideration of the merits. The forked formation of complainant's reamer body was essential to the complete collapse of the cutters; but it was not essential to the coaction in the particular in which infringement is found. The fact that, in describing, in the claims, a member of a machine which performs two functions in such a way as to disclose a feature of its fitness

to perform one function, which feature is not essential to the discharge of its other function, does not warrant competitors in dropping such feature and thereby appropriate one-half of the invention and its advantage, nor prevent the Court from according the patentee such a range of equivalents as will fairly protect him in the substantial merits of his invention. If so, form becomes everything and substance nothing."

Now, that paragraph, to me, is very illuminating, and discloses the reason, as I sense, for the reading of the defendant's device upon the two named claims of the plaintiff's patent. The Court thereby gave, as indicated, a broad construction, and therefore, a broad range of equivalents [65] to the real merit and improving feature of the plaintiff's invention. But whatever might be my views with respect to that, as merely one of the judicial instrumentalities to which this rather complicated litigation has been submitted, whatever my own views might be, whether based upon a limited or a full knowledge of the record, the defendant herein is absolutely foreclosed by all of the proceedings which have been taken against it to the effect that its device—the devices, specifically, and those in similitude thereof, mentioned in the decree—are in actual infringement of the two claims of the patent which were mentioned; and so it is no longer open to it to contend otherwise or to hope that any court will give countenance to its contention.

Now, that being all considered, the next question,

and the practical question involved, is whether or not these devices are in plain, distinguishable, open, apparent similitude to the devices which the Court said the defendant might not use. If there were anything in the position of the defendant that their only invasion of the right of the plaintiff heretofore was the entire shearing away of the lateral web structure on each side of the pocket or recess, why, of course their position here would be impregnable; but, as I have endeavored to show, in my judgment, without any doubt being left in the mind of the Court at all, there is nothing in that contention. There was no suggestion at any time that it was requisite that an entire shearing away of an unused and unnecessary portion of that web should result in infringement of the very substantial, very practical, very helpful and very valuable device that was the result of the conception of Wilson in this case. It was the shearing away of only so much of it, as I have heretofore indicated, as sufficed to provide a new and different and lower inthrust bearing, which gave the strength and stamina to the machine that it required in order to do the work, and in order **[66]** to compete with the device of Wilson, and in order to enable the defendant to stay in the market.

Now, the defendant admits all that, absolutely, and admitted it long before this case was decided by the Circuit Court of Appeals, and admitted it in its brief filed before that Court.

With reference to a drawing to be observed opposite page 22, and with respect to which in the brief

of the respondent in that case there seems to have resulted considerable perturbation of mind; this drawing illustrates a type of reamer containing the primary and secondary dovetails, with the pocket or recess therein, and thereby created, and also containing illustrations of the little fillets of metal removed from the web of the structure and placed one to each side, so that they may be shown to advantage, and which constitute the entire shearing away of the web, to which they have referred, and the doing of which they claim is necessary in order that there shall be an infringement of the claims of the patent, or a violation of this injunction.

They say, on page 23:

> "It is to be noted that this drawing shows two small portions of metal at the outside of the ways 15. These have been identified by the letter A. If these metal portions A are cut away no change is made in the operation of the reamer or in the manner of expansion or collapse of the cutters, nor is the inthrust bearing operatively extended."

And "operatively" is in italics. And therein lies the gist of the whole situation. The bearing would have extended in the sense that two inches of metal are of greater extent than one inch; but there would be no operative extension. The surface, the amount put in use, the amount taken away from the plaintiff, in virtue of his invention and discovery, is not extended, but is used, as theretofore. **[67]**

"The cutters will not bear on such parts remaining from cutting away these parts A. In this connection it is to be noted that none of defendant's reamers have the cutters so laterally extended as to bear on any portion of the body made by cutting away these parts A. Each one of the physical exhibits of defendant's reamers clearly demonstrates this. It is therefore a fact (not controverted or controvertible) that the inthrust bearing A of any of defendant's reamers is not wider than the inthrust bearing formed by this Double patent No. 2 construction and that the removal or presence of these parts of metal A works no change whatever in the reamer. Whether these parts A are present or removed has nothing whatever to do with the alleged tendency of the cutters to rock or twist on the inthrust bearing, so much harped on by complainant, and so thoroughly answered by this Double patent No. 2 and by the Jones removable bowl reamer constructions."

So, "mine enemy has written a book." He has placed himself on record, that the presence or the elimination of these little insignificant pieces of metal does not change the structure at all, and does not affect in even the slightest degree its operative capacity, limit, extent, work or functioning, and had no traceable or tangible result at all; so their presence or absence may be disregarded. He says so himself.

Now, from a consideration of all these things, it is impossible for this Court to arrive at any conclusion at all other than that the pocket type of reamer, and the so-called "U" Type of reamer are obvious and undoubted violations of the deliberate and very definite order of this Court. I can see no escape from the conclusion. I understand that the rule which rests upon this court that on contempt proceedings it will not go into nice and doubtful considerations of law or of fact to determine whether or not a new device which is put out since the announcement and service of the decree, is or is not an infringement. It will leave that to the parties and the due course of the law; but I do understand that where a decree of injunction **[68]** has been rendered, and a party has been told that he cannot do this or that thing, that he may not do that thing by claiming that he is doing something else, which is merely a colorable imitation of the thing that he is forbidden to do. But this, in my judgment, hardly rises to the dignity of a colorable substitution. They themselves say, it is the same thing. It looks the same, is the same.

Now, there has been some talk here about the Jones bowl reamer, whatever that may be, and some argument was presented here with respect to the outer limits of the inthrust bearings approaching the circumference—the outer periphery of the reamer, as was also done before Judge Cushman, and Judge Cushman held, and the Circuit Court of Appeals affirmed it, and the Supreme Court of the United

States has recognized the propriety of that holding and construction, that these Double improved reamers were an infringement of the rights of the plaintiff, in spite of the existence of the Jones bowl reamer, whatever it may have been, and whatever the extent of its discovery may have amounted to. So that is immaterial at this time. It has all been put into the discard, in view of what has taken place.

Now, the other question involved is the question of the spare parts. And I desire to say at the very outset, that my mind is not free from doubt with respect to these spare parts. I am inclined to the belief, from the necessarily rather hasty consideration that I have been able to give that phase of the case—because I took up the other features of the case first, desiring to work them out to my satisfaction before I began the consideration of the question of the spare parts—that after this rather limited opportunity to read the decisions and consider the precedents, and the reason of the thing, that I am not entirely **[69]** satisfied with respect to the situation. It does not appear, in the first place, with any considerable degree of directness, to what extent the defendant has sold these spare parts to middlemen—to other persons, who themselves will sell them and make a profit from them. I am not so sure that that is a material consideration. The law, as I read it, and the reason of the thing, as it appeals to me, seems to be that when the plaintiff, in pursuance of his proper rights shall have received from somebody—it makes no difference who the unfortunate individual is—all of the

profits and all of the damages that shall have inured to him because of the trespass upon his rights, in virtue of an infringement of his patent, why, then he has no further cause for complaint and having done that, he may not go out in the street or upon one's property and take away from him an infringed device merely because it has been, or is, or was, or continues to be, an infringement of his patent. In other words, if he is the beneficiary of all the relief that is usually accorded to one whose rights are violated in a court of law, why, then he has no further claim or complaint to make; and the person or user who is the possessor of such an infringing device thereafter retains and is entitled to exercise proprietary ownership of and over the device, with all of the incidents thereto, it being freed in his hands to the same extent as if he himself had purchased it from one who was a due and regular licensee. And if he is the owner of it and entitled to the beneficial use of it, he is entitled, when a portion of it wears out, to go into the market where best he may, and buy another portion to replace that. He may not do that thing which will result in a reconstruction of the device. He may not, under the guise or similitude of making a repair, absolutely build it over and possess himself from authorized sources of [70] the means of making a new device of an infringing character. He may not do as the story goes of the Irishman,—he had had three or four new handles and several new blades, but still had "the same old knife." He may not do that thing; but he may, as I read the decisions, in virtue

of his proprietary ownership and possession, go into the market and provide himself with necessary repair parts from time to time as the same may be required, in order to fit the device for its intended and practical use. Now, if he possesses the right to do that, then this Court may not directly or indirectly lay its staying hand upon him and say that he may have the form of the thing but is denied the substance; may not say that he has the right to use, but he shall never be permitted the opportunity to use, because the Court will not permit him to buy any of the articles of repair that are necessary for its practical use. And the Court, in effect, would be enjoining him from buying, if it enjoined someone else from selling it to him. I do not see any escape from that conclusion. It would be enjoining the sale to him, if it punished by contempt the sale to him.

Now, it seems to me, upon reason, that the rights of the plaintiff in and to this structure, which are valuable rights and substantial rights, and not to be frittered away by any devices or devious undertakings intended to create business on the parts of this defendant; that those rights, considering the nature of the case which has been brought by the plaintiff, and considering that he has asked in his case, and has secured, a decree entitling him in due course to profits and damages—all profits and all damages that may be properly recoverable by him, that when he shall have been awarded all profits, and more than that, with respect to the matter now particularly before the court, when he shall have [71] been awarded all damages which shall accrue to him,

in virtue of the fact that there has been sold by the defendant a device which it is necessary for the defendant from time to time to repair and rehabilitate in order that it may be put to a successful and practical use—when the plaintiff shall have benefited to this extent by all these things, that he will have no right, neither in law or morals, justice or equity, to claim that he is entitled to any further relief as against mere users of these devices. And I am rather of the belief that this situation of the plaintiff, which appeals to me very strongly—because seemingly, from the slight squint that I have been able in this rather cursory examination to get of the situation here between these parties—seemingly, a great deal of the business and profit of the sale of these underreamers consists in furnishing the repair parts which wear out very frequently, and which are the vital elements of the device in so far as their practical use is concerned. And it appeals to me very strongly that the plaintiff should not be foreclosed or deprived of his rights in the premises, by prohibiting the sale of the mere shell—the body structure—and then permitting forever, as long as the body structure may last, the sale of the repair parts which are so quickly worn away and which are so vitally necessary to the practical efficiency and operating effectiveness of the machine. But plaintiff has made his own bed and he must lie on it. He has asked for damages and for profits, and presumably will get all the damages to which he is entitled. There is no suggestion here that he cannot recover such damages as are awarded to him. The under-

standing that the court has, is that the Union Tool Company is a very rich concern, and it is backed by another very rich concern, if we may pay any attention at all to newspaper talk of the day; and that being true, it is to be presumed now [72] that whatever judgment is recovered will meet with success upon levy of execution; although, for the reasons that I have attempted to give at this time, my mind is not free from doubt with respect to the matter, yet I am constrained to believe that the better reason is one the side of the proposition that in view of the reception of complete relief by way of damages and profits by the plaintiff, in due course, that he is not now entitled to the indirect means of a proceeding in contempt to enjoin users from the practical and effective use of their machines. It might be true that a different rule would apply with respect to sales to middlemen. It might be true; and yet, it is difficult in my own mind to differentiate that situation. The plaintiff is entitled, without doubt, in virtue of his property rights, which are substantial, to possess himself of all of the profits that may be made from the manufacture and sale of this device which belongs to him. And any profits made by a middleman, he would be entitled to retain. But the case as presented, refers but slightly, as I grasp it, to middlemen, and refers mostly to users who have purchased, either directly from the defendant or from some other concern, which concern itself may have been a middle man, but purchased heretofore and prior to the infringement, and the profits arising out of which transac-

tion will be inquired into and awarded in due course, as upon the hearing before a Master and confirmation by the court. So with respect to that feature of the case, I am of the belief that the position of the plaintiff is not well taken upon this application, and that there is no violation of the injunction in the manufacture and sale to users of necessary spare parts of this infringing device, which was sold prior to the issuance of this injunction. The order of the court with respect to that, however, will be that the defendant will be [73] purged of contempt in that particular behalf, without prejudice to a right on the part of the plaintiff to renew its application hereafter, if it shall be so advised.

Now, that disposes of everything save the question of the judgment which the Court shall enter in this case, which has given me no little concern. As indicated heretofore, the litigation between these parties is of long standing. It has been acrimonious at times here in this court, and as is evidenced by the language that is not infrequently found in the briefs on appeal. I am slow to accuse men, whether they be of high or low estate, of bad faith, or of imposition, or of unfair competition, even, or of a seeking to override and overcome through devious and unjustifiable courses the rights of others. I am slow to indulge in such an inference as that, for so to do challenges a man's standing as a member of society; it challenges his disposition to the right and fair thing; it challenges his business, if not his moral and personal integrity, in a way. And I believe it should be the duty of the Court, as it is the duty of

a jury in a criminal case, to await such a determination as that until the evidence that has been presented in support thereof shall convince a reasonable and discriminating mind which is open to fair conclusions, and is not warped or disturbed by any bias or prejudices. And having said all that, I still cannot get rid of the feeling that seems to infiltrate my being after reading a large part of this record, and knowing what has taken place here between these parties, that there has been a sedulous desire and disposition on the part of this defendant to do everything that he could do, and keep out of jail, and yet take advantage of the things that this man Wilson had invented. Now, that seems to be the situation. As indicated by Judge Cushman, it was [74] only because of the departure of the defendant from its own device and the invasion of, and a trespass upon, the device of the plaintiff, that the suit was brought at all. The defendant was not satisfied with its own device; and probably, for the good and sufficient reason that its device, in competition with the plaintiff's device, could not stay in the market. That seems to be the fair sum of it. I know the charges and counter-charges, and statements and denials with respect to who was successful, and who was not, but the good old maxim that the proof of the pudding lies in the chewing of the string, seems to have some slight application here. And if the defendant's device had been entirely satisfactory, and had been the success that seemingly they now wish the Court to believe it to have been, they would not have been in court so many times.

They would have been out there attending to their business selling underreamers and getting the money for them.

This case was thoroughly litigated in this court.

B. F. B. The ~~plaintiff~~ defendant took inconsistent positions, which is adverted to a number of times in the litigation, as between it and the ~~defendant~~ plaintiff—being substantially the same parties all the way through—the ~~plaintiff~~ defendant took inconsistent positions, prosecuting its case under No. 1540 and defending in A.–4 and B.–62, in a manner that seems to challenge its good faith, although it had a legal right to do it. There is no doubt about that. The two cases were thoroughly tried and litigated, rehearing asked for and had, in the sense that another consideration of the case on its merits was given by Judge Cushman; an appeal to the Circuit Court of Appeals; an adverse decision; a rehearing asked for and had, in the sense that no doubt the matters presented were considered; and rehearing denied by that court. And then an appeal, with the aid of new, additional and foreign counsel, [75] to the Supreme Court of the United States, in *certiorari*, where another consideration of its case was had, and all resulting in the affirmance, without frills or furbelows, and without qualifications or restraints at all, of the simple decree of Judge Cushman that they should not make, sell or attempt to make and sell, underreamers like the Double improved, and like the types mentioned. That was all there was to it. And when all was said and done, it was a very simple prohibition that was laid upon them, that they should

not make the Double improved underreamers and those that were in similitude to them, because they were invasions of the plaintiff's rights.

Now, with all of that mass of litigation, appeal, rehearing, argument, closet consideration—if I may use that phrase—of the merits of the defendant's device here—because there must have been much of it—these parties and their attorneys have worked—because the record and the briefs show it—and mulled over these devices until it has almost become a part of their second nature. The simple restraint was laid upon them by the judgment filed in these courts that they should not proceed to manufacture the Double improved underreamer; and in spite of all that, they have proceeded and are proceeding, and profess now to continue to proceed, unless this Court prevents them, to manufacture that which in substance and in form, as far as that is concerned, is the Double improved reamer, in so far as that substance and form has to do with the essential device and invention that was the underlying feature of the plaintiff's patent, as its scope and essentials were determined by Judge Cushman, and by which they were bound.

Now, the suggestion has been made that they gave the [76] matter careful study; that they have three counsel to advise them, and that those counsel, after giving the matter very careful study and consideration, advised them that they could with safety proceed to do this thing. A great English lawyer, speaking of the judgments of Lord Mansfield said, that in contemplating them he marveled at the

strength and stretch of the human understanding. I am almost in the same situation with respect to the strength, and particularly of the stretch of the understanding of counsel in this case. However, I have confidence in counsel and their statements, and that confidence is not a formal one; it is a substantial one, and will remain with this court until counsel give indubitable evidence that there is no foundation for it. I accept the statement of counsel that they in good faith themselves were of the opinion, and they themselves in good faith advised their client that it had the right to proceed to make and put out and vend the pocket type and "U" type of reamer; but in spite of all of that, and from my rather slight knowledge of the parties to this controversy—because I do not know any of them except as they are in this court—but judging from their mechanical astuteness and their ability to read that which is put before them, either of a mechanical or of a literary nature, I am rather inclined to doubt whether or not the directive officers of this company really considered that counsel knew what they were talking about. I am really inclined to doubt it. I think it would be an impeachment of their business acumen and practical acquaintance with the underreaming business, and the gist of these decisions as they must have become acquainted with them through their association with the cases here in court, aside from any other advice, or counsel that they may have sought from the outside or that may have supervened as between themselves. [77] And as I look at these devices, as I read the decision of Judge Cushman and as I see the

manner in which this litigation has progressed, there would be some difficulty in causing me to indulge in the sober and deliberate conclusion that the operative personnel of this company—the men who were familiar with the mechanical needs of the hour—the mechanical structure of these various devices—were really and truly, in good faith, of the belief that these devices were not infringements. It is patent to me that they are infringements, or else the court would send them out without loss of time. Patent, not only that they are infringements, but they are such open, obvious, flagrant infringements of the very things inhibited in the injunction as that they may be punished as for a contempt; because I realize the duty of the court, in the presence of doubt upon the proposition to remand these parties to a trial upon the merits, rather than to hear the matter in a summary form that contempt proceedings must necessarily be heard in.

Now, it occurs to me that if this defendant has really and truly, in good faith, such as would commend itself to a court or an individual having a conscience, if they had intended in such wise to do that which the law and their business interests would allow them to do, and require them to do, in order that they might properly further their own interests in the world, and at the same time to keep within the strict terms of that which every court of competent jurisdiction that had a chance to express itself on the subject had said that they should not do; if they had intended to do that, they would have gotten out this device in some form or fashion, notified the plaintiff

that they expected to claim that it was not a violation of the injunction, and ask that some way be arranged by which a hearing could be had upon the subject. [78]

Now, I know that there is plenty of authority—it seems to me the matter was presented to me, and I am rather inclined to think that I indicated that there was no particular propriety in coming into court and asking what could be done, and I accept that at 100 cents on the dollar; but I know of no law or rule or decision or precedent, or matter of impropriety which would have prevented them from asking the plaintiff if it had any objection to the manufacture and output of these two devices, and found out from the plaintiff what its construction of the injunction was, and whether or not it would assert that it was a violation, upon inspection. Then, if the plaintiff had said, "Why, no, I am sorry to say that is not a violation. It does not infringe at all upon our rights as defined by Judge Cushman"; then they could have gone ahead and the way would have been clear. But they did not do that. They did not even notify, in so far as the record shows, so far as I am advised, they did not even notify the plaintiff that they would put out this device and ask him to take such steps with respect to it as that the matter could be tried out in a manner known to and recognized by the law, even if it involved a contempt proceeding. It would have been a whole lot better for them to have been the parties to an immediate technical contempt proceeding than to have awaited the result of a contempt proceeding in which wilfulness is charged

and in which there is at *lease* some evidence to support the charge.

Mr. LYON.—Will your Honor permit an interruption right there. You recognize the fact that the Court has said that it is not familiar with the whole of this record. And **[79]** you will find that this pocket type reamer was brought to the attention of the plaintiff before this injunction was granted, and we stated that was what we were putting out, and had been putting out, and we heard no complaint of it until they brought the contempt proceedings. I call your Honor's attention to the fact that it is even in the briefs. They knew of it long before—months before they made any complaint of it.

Mr. WILSON.—No exception was made, your Honor, in the decree or judgment or injunction. It was presumed to have been the same as the rest, and presumed to have been included in the decree. We had every reason to suppose that it was, since no exception was made in its favor. We naturally expected that they would stop the manufacture of it, and presumed that they had, until we discovered it in the field.

The COURT.—Well, of course, it was referred to in substantial form—the pocket type, in the case—

Mr. LYON.—It is in the reply brief of the plaintiff.

The COURT.—It came up while the question was still *sub judice,* as to what was the proper construction of the Wilson patent. It was asserted, while the matter was still in the breast of the Court, so to

speak, that its manufacture was within the rights of the defendant.

Mr. LYON.—It was included within the injunction, by reference. That much is certain.

Mr. BLAKESLEE.—If the Court please, the injunction did not issue until the mandate came down last fall. It does not seem that it was incumbent upon the plaintiff to take any steps until that was done.

The COURT.—Well, be that as it may, whatever there was to it that was in violation of the complainant's rights, was foreclosed by the affirmance of the decree and the issuance of the injunction, and new light at that time must [80] have been brought to bear upon the understanding of the defendant, even if it thought it had the right theretofore to make the pocket type—if it thought it had the right to make all kinds of types, and that right was denied by the judgment of the Court, there was no more reason why it should proceed to make a type which theretofore it had made and which was palpably in violation of the injunction, any more than it should proceed to devise a new type which was similarly palpably in violation of the injunction. The mere question of the time when the idea first occurred to it does not seem to change the situation to any appreciable extent. And I am saying all of this with the reservation mentally and actually indulged in by me, that these parties are not acting in bad faith. If I thought they were acting in bad faith, and if I thought that this injunction had been wilfully violated, there would be a substantial jail sentence

meted out to each individual at all responsible for such violation, irrespective of his place, station or relation to the subject matter of the litigation. However, in spite of some very persuasive features, I am going to assume that the defendant has not done that which has been done wilfully. There has been, however, a violation of this injunction in at least two material and substantial respects: The manufacture and the putting out of the pocket type and the "U" Type, both being substantial replicas, in my judgment, with respect to at least one feature of the plaintiff's invention, of the forms and of the devices inhibited against in the injunction.

This is the court of the United States, set up by the Government of the United States, and it represents as best it may, and with all of the dignity that it can command, the sovereignty of the United States of America; and in so far as this Court makes orders, which it will be slow to do in an injunctive way, unless the cause and the right and necessity [81] therefor plainly exists, but in so far as it makes and indulges in injunctive orders, it is going to use every means at its command to see that they are obeyed. The stability of the Government, the dignity of its institutions, the peace, good order and welfare of society, require that that should be done, and this court will satisfy itself with nothing less than complete obedience to the orders and judgments of a lawful nature that it pronounces; and when there is a violation of an injunction of this Court, I hope that none will go away with the idea that it is apt to be

looked upon lightly or considered in any unsubstantial sense.

The violation of a due, orderly and proper judgment and prohibition of this Court is as direct an attack upon the integrity and stability of society as if a man should go out and try to foment a revolution in our midst; and this Court looks upon it in that spirit and from that point of view.

There is much involved in this case. There seems to be a good deal of money involved in this business. One would rather suspect that it is a profitable business. And being profitable, the returns being of a handsome nature, the amount of detriment that should be imposed upon one who unlawfully and wrongfully engages in the business, should be somewhat suited to the proportion of the return expected.

The judgment of the Court, therefore, will be in the following form, and counsel will prepare a decree embodying such as may be necessary, in this wise:

That the defendant, Union Tool Company, is adjudged guilty of contempt of this court, in that it has since the issuance and service of the injunction, manufactured and put out, and offered for sale and sold, a so-called pocket type of underreamer; and also in that it has, in a similar way, manufactured and put out, and sold and offered for sale a so-called "U" type of underreamer; and as punishment for such contempt, it is ordered and adjudged that the Union [82] Tool Company pay a fine in the sum of $5,000, one-half of which shall be awarded to the complainant in this case; that execution upon this judgment do issue, and if the fine be not paid within twenty

days from the date of the judgment, then the president of the Union Tool Company, Edward Double, stands committed to jail until the fine be paid.

Mr. LYON.—If your Honor please, I would like to first reserve exceptions to each of the rulings of the Court; and while I have not examined the act carefully, I would ask your Honor to examine the question before entering the judgment, as to whether the fine imposed is not in excess of the amount fixed by the Clayton Act.

The COURT.—Why?

Mr. LYON.—Because the Clayton Act limits the fine to a thousand dollars.

The COURT.—Oh, no; that refers to a natural person, not a corporation.

Mr. LYON.—We except to the order made in regard to the fine; and so that we may not take up your time hereafter, we will prepare a bill of exceptions, and then upon the preparation of those, we will ask the allowance of a writ of error, and at that time, of course, if your Honor desires us to give a bond for the payment of this fine, we will be pleased to do so.

The COURT.—Oh, I don't know about that. We will take that up and see how you conduct yourselves hereafter. This court is an open forum for the redress of grievances sought herein from day to day.

Mr. LYON.—I understand that. Now, I will say this, that while Mr. Double is ill in bed and cannot be approached at the present time, that I will see that instructions are wired to all their representatives, that no more of these "U" types shall be sold and delivered. I will get at that [83] at the earliest

possible moment, to show our good faith in that regard.

The COURT.—Well, that helps out.

Mr. ANDREWS.—If the Court please, in that respect, so that we maye thoroughly understand what the Court's position is, and in that way to the extent that it is proper now to avoid any possible repetition in any way of a violation of what the Court understands and believes to be the decision of Judge Cushman in the order of injunction, if the Court is so minded, I would like to inquire or ascertain whether I am correct in understanding that the infringement referred to consists of the widening of the inthrust bearing beyond that shown in the model and drawings of the Double No. 2 patent?

The COURT.—It consists in the widening of the inthrust bearing so that it extends beyond the outer diameter of the recess or pocket. In other words, you have got to make the bearing on your cutter the same diameter as the diameter of the pocket or inner recess.

Mr. ANDREWS.—As shown in the Double No. 2 patent, as I understand you?

The COURT.—Well, I don't know about these numbers; you have got too many of them.

Mr. ANDREWS.—Well, the only one I have discussed.

The COURT.—Well, you have got too many of them. But that is very plain. You are not entitled to go beyond the edge of that recess or pocket with your inthrust bearing. Now, that is my construction of the decree. It is the shearing off of this portion

up here (vertically, face of bearing up) and not the shearing off of that (laterally, edge of pocket out), (illustrating on models), that constitutes the infringement and violation of the injunction—the shearing off and use of that part of the webb lying immediately to the side of the line of the pocket. [84]

Mr. LYON.—Not beyond the secondary dovetail?

The COURT.—Not beyond the secondary dovetail. Does that answer your question now, Mr. Andrews?

Mr. ANDREWS.—With one exception. Does the Court in that statement refer entirely to the bearing surface—the width of the bearing surface that is obtained at whatever the shearing off process might be?

The COURT.—If I understand you, I do.

Mr. ANDREWS.—This is purely a practical question.

The COURT.—It refers to the width of the bearing surface, as the same may extend beyond the limits of the recess or pocket, from there on.

Mr. ANDREWS.—What we are talking about now—this is the width of the bearing surface (indicating).

The COURT.—I am speaking of the bearing surface that lies outside of the recess of this pocket, forming primary, secondary or both dovetails. Does that answer your question?

Mr. ANDREWS.—Yes, sir, I think it does, if the Court please.

The COURT.—All right. Take a recess. [85]

[Endorsed]: Original. In the District Court of the United States for the Southern District of Cali-

fornia, Southern Division. Hon. Benjamin F. Bledsoe, Judge Presiding. A.–4—B.–62, Consolidated. Elihu E. Wilson, Plaintiff, vs. Union Tool Company, Defendant. Oral Opinion of the Court. Los Angeles, California, July 30, 1919. Filed Aug. 4, 1919. Chas. N. Williams, Clerk. By Maury Curtis, Deputy Clerk. Doyle & St. Maurice, Shorthand Reporters and Notaries, 503–508 California Building, Los Angeles, California, Main 2896. **[86]**

In the United States District Court, Southern District of California, Southern Division.

IN EQUITY.

No. A.–4—B.–62, Consolidated.

ELIHU C. WILSON,

Complainant,

vs.

UNION TOOL COMPANY,

Defendant.

Decree in Contempt.

This cause having come on to be heard upon the pleadings and proofs herein filed on behalf of both parties and it appearing that an injunction was regularly issued in this cause under the seal of this Court on November 6th, 1918, following the mandate of the Circuit Court of Appeals for the Ninth Circuit affirming the judgment and decree of this Court previously rendered; and that said injunction was, on November 14th, 1918, duly served on the de-

fendant, Union Tool Company, and Edward Double, its president; P. W. Masten, its secretary, and Will Steart, its vice-president.

That the said injunction is addressed to the Union Tool Company, its officers, directors, attorneys, agents, servants, workmen, employees and assistants whom it commands and enjoins to forthwith and immediately refrain from manufacturing or causing to be manufactured, using or causing to be used, leasing or causing to be leased, selling or causing to be sold in any manner either directly or indirectly, any underreamer or underreamers like or embodying the construction or inter-relation or formation of parts of either "Complainant's Exhibit Improved Double Reamer and Cutters," or "Complainant's Exhibit Defendant's Reamer Type 'D'," or "Complainant's Exhibit Reamer Type 'E.'" or "Complainant's Exhibit Reamer Type 'F'" [87] (being exhibits offered and received in evidence in this cause) and from manufacturing or causing to be manufactured, selling or causing to be sold, using or causing to be used, leasing or causing to be leased any part or parts or elements calculated and intended to be combined or used as a part or feature of any underreamer or device in infringement of letters patent No. 827,595 (being the letters patent sued on in this cause), that is, of claims 9 and 19 thereof, in any manner whatsoever, or from manufacturing or causing to be manufactured, using or causing to be used, selling or leasing or causing to be sold or leased, either directly or indirectly, any combination or parts or elements or features capable

of being assembled together or used in infringement of said letters patent No. 827,595, that is of claims 9 and 19 thereof.

And it further appearing that on April 26, 1919, upon affidavits duly presented, the complainant, herein moved and this Court granted an order citing the defendant Union Tool Company and its officers, to wit, Edward Double, president, William Stewart, vice-president, and P. W. Masten, secretary and such other and furnish officers, agents, employees, workmen and others as may have violated the aforesaid injunction, to appear in this court on May 5th, 1919, and then and there show cause why it and each of them should not be punished for contempt of this Court's injunction, aforesaid, as alleged and set forth in complainant's petition and affidavits in support thereof, of all of which the defendant and its officers, Edward Double, president, William Stewart, vice-president, and P. W. Masten, secretary, and its counsel herein were duly notified by personal service upon them on April 28th, 1919, a copy of said petition, said affidavits, said motion, and said order; and pursuant to adjournments theretofore duly had, the 23d day of July, 1919, at 10 o'clock, A. M., was fixed as the time for hearing said alleged contempt; and the defendant and its said officers appeared in this Court by counsel, at the time appointed, [88] in response to said motion and the allegations contained in said petition and said affidavits, and the hearing of said contempt was proceeded with on July 23d, and 24th, 1919, in open court in support and in denial of the charges therein

contained; and after due proceedings had, upon consideration of the evidence adduced, and of all the files and records of the above-entitled court herein, and of the arguments of counsel, the court, being fully advised in the premises, it is hereby

ORDERED, ADJUDGED AND DECREED:

I.

That the defendant, Union Tool Company, is guilty of contempt of this court in that it has since the issuance and service of the said injunction and contrary to and in defiance of the commands thereof, manufactured and put out, offered for sale and sold a so-called "Pocket Type" Underreamer, which is not substantially or even colorably different from the devices particularly identified and described in said injunction and whose manufacture, sale or use is inhibited therein.

II.

That the defendant, Union Tool Company, is guilty of contempt of this Court in that it has since the issuance and service of the said injunction and contrary to and in defiance of the commands thereof, manufactured and put out, offered for sale and sold a so-called "U Type" of Underreamer which is not substantially or even colorably different from the devices particularly identified and described in said injunction and whose manufacture, sale or use is inhibited therein.

III.

That the defendant, Union Tool Company, has since the issuance and service of the said injunction offered for sale and sold extra, spare and repair

parts and elements for, and to be used with, its devices sold prior to the issuance and service of said injunction, but it is purged of contempt in that particular behalf, without prejudice to the right on the part of the plaintiff to renew its application hereafter. [89]

IV.

That the defendant, Union Tool Company, in virtue of such contempt so committed, is herein and hereby ordered and required to pay the clerk of the above-entitled court, forthwith, a fine of Five Thousand Dollars ($5,000.00), out of which said sum and amount, when so paid into said clerk, and the costs herein having been otherwise met and paid in full, he is herein and hereby authorized and directed to pay over to the said complainant herein, Elihu C. Wilson above named, forthwith, the sum of Two Thousand Five Hundred Dollars ($2,500) as a reasonable portion of the expenses incurred by the complainant in the instant proceedings.

V.

That execution upon this judgment be issued, and if the said fine be not paid into this court within twenty days from the date of this judgment, then and in that event the president of the defendant Union Tool Company, Edward Double, shall stand committed to the jail of Los Angeles County, State of California, and be confined therein until the same be paid.

Dated August 8th, 1919.

BENJAMIN F. BLEDSOE,
United States District Judge.

Decree entered and recorded August 8th, 1919.

CHAS. N. WILLIAMS,
Clerk.
By Maury Curtis,
Deputy Clerk.

Approved as to form, as provided in Rule 45, this —— day of August, 1919.

_____,
Solicitor for Defendant. [90]

[Endorsed]: In the United States District Court, Southern District of California, Southern Division. In Equity—No. A.–4—B.–62 (Consolidated). Elihu C. Wilson, Complainant, vs. Union Tool Company, Defendant. Decree in Contempt. Service of a copy of the within Decree in Contempt is hereby acknowledged this 7th day of August, A. D. 1919. ——, Solicitor and Counsel for Defendant. Filed Aug. 8, 1919. Chas. N. Williams, Clerk. By Maury Curtis, Deputy Clerk. G. Benton Wilson, Solicitor and Counsel for Complainant, 2301 East Vernon Avenue. Los Angeles, California. [91]

In the United States District Court, Southern District of California, Southern Division.

IN EQUITY.

Nos. A.–4 and B.–62, Consolidated.

ON CONTEMPT PROCEEDINGS.

ELIHU C. WILSON,
Complainant,

vs.

UNION TOOL COMPANY,
Defendant.

Petition for Writ of Error.

Union Tool Company, defendant in above-entitled cause, and Edward Double, its president, each feeling aggrieved by the judgment or order or decree on contempt of said court made, entered and recorded in said cause on August 8th, 1919, whereby defendant Union Tool Company was adjudged in contempt and ordered and required to pay the clerk of said court forthwith a fine of $5,000, and that an execution upon such judgment be issued, and if said fine be not paid into said court within twenty days from the date of said judgment, then and in that event the president of the Union Tool Company, Edward Double, shall stand committed to the jail of Los Angeles County, State of California, and be confined therein until the same has been paid, come now, by A. V. Andrews and Frederick S. Lyon, their attorneys, and pray this court for an order allowing the said defendants Union Tool Company, and said Edward Double, and each of them to prosecute a writ of error to the United States Circuit Court of Appeals for the Ninth Circuit under and according to the laws of the United States in that behalf made and provided; and also that an order be made fixing the amount of security, if any, which the defendants Union Tool Company, and said Edward Double or either of them shall give; and that upon the giving of such security all further proceedings in this court upon said order or decree be suspended [92] and stayed until the determination of said writ of error

by said United States Circuit Court of Appeals for the Ninth Circuit.

And your petitioners will ever pray.

Dated August 16th, 1919.

A. V. ANDREWS,
FREDERICK S. LYON,
Attorneys for Defendants. [93]

In the United States District Court, Southern District of California, Southern Division.

IN EQUITY.

Nos. A.–4 and B.–62, Consolidated.

ON CONTEMPT PROCEEDINGS.

ELIHU C. WILSON,

Complainant,

vs.

UNION TOOL COMPANY,

Defendant.

Order Allowing Writ of Error.

Upon motion of A. V. Andrews, Esq., and Frederick S. Lyons, Esq., attorneys for the defendant Union Tool Company above named, and appearing also for Edward Double, and upon the filing of the petition of the said defendant, Union Tool Company, and Edward Double for a writ of error, together with the assignments of error in due form,—

IT IS HEREBY ORDERED that a writ of error to the United States Circuit Court of Appeals for the Ninth Circuit be allowed as prayed for in said

petition, and that the amount of the bond to be given by said defendant Union Tool Company upon said writ of error to act as a supersedeas to stay the issuance of execution upon the judgment directing said Union Tool Company to pay a fine of five thousand dollars ($5,000.00), be and the same is hereby fixed at the sum of ten thousand dollars ($10,000.00), the same to cover costs upon appeal on said writ of error.

And it is FURTHER ORDERED that upon the giving of such security all further proceedings in this court be suspended and stayed until the determination of said writ of error by the United States Circuit Court of Appeals for the Ninth Circuit.

Dated August 27th, 1919.

BLEDSOE,
District Judge. **[94]**

[Endorsed]: Nos. A.–4 and B.–62, Cons. United States District Court, Southern District of California, Southern Division. Elihu C. Wilson, Complainant, vs. Union Tool Company, Defendant. In Equity. Petition for Writ of Error and Order Allowing Writ of Error. Filed Aug. 27, 1919. Chas. N. Williams, Clerk. By R. S. Zimmerman, Deputy Clerk. Frederick S. Lyon, 504–7 Merchants Trust Building, Los Angeles, Cal., Solicitor for Defendant. **[95]**

In the United States District Court for the Southern District of California, Southern Division.

IN EQUITY.

A.–4—B.–62, Consolidated.

CONTEMPT PROCEEDINGS.

ELIHU C. WILSON,

Complainant,

vs.

UNION TOOL COMPANY,

Defendant.

Bond.

KNOW ALL MEN BY THESE PRESENTS, that the Maryland Casualty Company, a corporation, of the State of Maryland and duly licensed to transact business in the State of California, is held and firmly bound unto the Union Tool Company, the defendant in the above-entitled cause, in the penal sum of Five Hundred Dollars ($500.00), to be paid to the said Union Tool Company, its successors and assigns, for which payment well and truly to be made the Maryland Casualty Company binds itself, its successors and assigns, firmly by these presents.

Sealed with its corporate seal and dated this 17th day of September, A. D. 1919.

The condition of this obligation is such that, whereas Elihu C. Wilson, the complainant in the above-entitled cause, is prosecuting a cross writ of error to the United States Circuit Court of Appeals for the Ninth Circuit to reverse the decree of the United

States District Court for the Southern District of California, Southern Division, made and entered on the 8th day of August, A. D. 1919, in contempt proceedings, in the above-entitled cause. [96]

Now, therefore, if the said complainant, Elihu C. Wilson, shall prosecute his said cross writ of error to effect and answer all costs if he fail to make good his plea, then this obligation shall be void; otherwise to remain in full force and effect.

In Witness Whereof the said Maryland Casualty Company has hereunto affixed its corporate seal and attested same by its duly authorized attorney in fact, at Los Angeles, California, this 17th day of September, A. D. 1919.

MARYLAND CASUALTY COMPANY.
By GEO. W. BLISS. (Seal)
Attorney-in-fact.

State of California,
County of Los Angeles,—ss,

On this 17th day of September, A. D. 1919, before me, a notary public in and for said County and State, personally appeared Geo. W. Bliss, known to me to be the duly authorized attorney-in-fact of the Maryland Casualty Company and the person whose name is subscribed to the foregoing instrument, who acknowledged to me that he subscribed the name of the said Maryland Casualty Company thereto as principal and his own name as attorney-in-fact.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year in this Certificate first above written.

[Seal] ELIZABETH F. HILLMAN,
Notary Public.

My commission expires Oct. 6, 1921.

Examined and recommended for approval as provided in Rule 29.

G. BENTON WILSON,
Solicitor for Complainant.

I hereby approve the foregoing bond.

Dated the 18th day of September, A. D. 1919.

ROSS,
Circuit Judge. [97]

[Endorsed]: No. A.–4—B.–62.—Eq. United States District Court, Southern District of California, Southern Division. Elihu C. Wilson, Complainant, vs. Union Tool Company, Defendant. Contempt Proceedings. In Equity—A.–4—B.–62 (Consolidated). Bond. Filed Sept. 18, 1919. Chas. N. Williams, Clerk. By R. S. Zimmerman, Deputy Clerk. G. Benton Wilson, 2301 East Vernon Ave., Los Angeles, California, Solicitor for Complainant. [98]

In the United States District Court for the Southern District of California, Southern Division.

IN EQUITY.

A.–4—B.–62, Consolidated.

CONTEMPT PROCEEDINGS.

ELIHU C. WILSON,

Complainant,

vs.

UNION TOOL COMPANY,

Defendant.

Assignment of Errors.

Now comes the complainant in the contempt proceedings in the above-entitled cause and files the following assignment of errors of record upon which he will reply in the prosecution of the cross writ of error to the United States Circuit Court of Appeals for the Ninth Circuit from the decree of this Court entered on the 8th day of August, A. D. 1919.

I.

That the United States District Court for the Southern District of California, Southern Division, erred in not adjudging the defendant and its officers guilty of willful contempt of the injunction of said Court prohibiting the manufacture, sale or use by defendant or its officers of extra, spare or repair parts or elements for, or to be used with, the defendant's infringing underreamers, when the said Court found that the defendant had, since the issuance and service of said injunction, offered for sale and sold, said extra, spare and repair parts for, and to be used with, said infringing underreamers.

II.

That the said Court erred in purging the defendant and its officers of contempt when said Court found that the defendant had, since the issuance and service of the injunction of said Court, manufactured and sold extra, spare and repair parts and elements for use with the defendant's infringing underreamers previously manufactured and sold by it to dealers and users, notwithstanding the said injunction prohibits the manufacture, sale or use of said extra, spare or

repair parts or elements by the defendant or its [99] officers for said infringing underreamers.

III.

That the said Court erred in holding that the defendant is free to manufacture and sell to dealers and users extra, spare and repair parts and elements to be used with the combination underreamers the said defendant previously manufactured and sold to dealers and users in infringement of the complainant's patent in suit, when the manufacture, sale or use, by the defendant, of these extra, spare and repair parts or elements is expressly prohibited by the said Court's injunction.

IV.

That the said Court erred in not holding the defendant and its officers guilty of willful contempt for violating the injunction theretofore duly issued and served, by their contributory infringement in manufacturing and selling extra, spare and repair parts and elements knowing and intending that same were to be assembled by dealers or users into the combination devices previously held by said Court to infringe the complainant's patent in suit, and whose further manufacture, sale or use is prohibited by said injunction.

V.

That the said Court erred in not holding the defendant and its officers guilty of willful contempt of said Court's injunction in manufacturing and selling extra, spare and repair parts and elements incapable of use otherwise than to be assembled into the defendant's infringing combination underreamers whose

manufacture, sale or use, together with the manufacture, sale or use of the extra, spare and repair parts or elements therefor, is prohibited by the said injunction heretofore issued in this cause and duly served on the defendant and its officers. [100]

Wherefore the complainant prays that the portion of the said decree complained of be reversed and that said District Court for the Southern District of California, Southern Division, be ordered to enter a decree reversing the portion of the decision of the lower Court complained of in said cause, and awarding to the complainant such other and further relief as may appear just and equitable.

G. BENTON WILSON,
Solicitor for Complainant.

[Endorsed]: No. A.-4—Esq. United States District Court, Southern District of California, Southern Division. Elihu C. Wilson, Complainant, vs. Union Tool Company, Defendant. In Equity—A.-4—B.-62, Consolidated. Contempt Proceedings. Assignment of Errors. Filed Sep. 17, 1919. Chas. N. Williams, Clerk. By Maury Curtis, Deputy Clerk. G. Benton Wilson, 2301 East Vernon Ave., Los Angeles, California, Solicitor for Complainant. [101]

UNITED STATES OF AMERICA.

District Court of the United States, Southern District of California.

Clerk's Office.

IN EQUITY.

No. A.–4—B.–62, Consolidated.

CONTEMPT PROCEEDINGS.

ELIHU C. WILSON,

Plaintiff,

vs.

UNION TOOL COMPANY,

Defendant.

Praecipe for Transcript of Record.

To the Clerk of Said Court:

Sir: Please prepare a certified transcript of record, in accordance with and in response to the plaintiff's writ of error allowed, as follows and including:

Interlocutory decree.

Writ of injunction.

Motion that defendant be punished for contempt of Court, with the exception of the photographic exhibits and catalogues attached thereto.

Order to show cause.

Stipulation of facts.

Opinion.

Decree in contempt.

Petition for writ of error.

Order allowing writ of error.

Bond of Elihu C. Wilson.
Assignment of errors.
Copy of this praecipe.

G. BENTON WILSON,
Attorney for Plaintiff. **[102]**

[Endorsed]: In Equity—No. A.-4—B.-62, Consolidated, Contempt Proceedings. U. S. District Court, Southern District of California, Southern Division. Elihu C. Wilson, Plaintiff, vs. Union Tool Company, Defendant. Praecipe for Record on Writ or Error. Filed Sep. 19, 1919. Chas. N. Williams, Clerk. By R. S. Zimmerman, Deputy Clerk. **[103]**

Nos. A.-4—B.-62—EQUITY (Consolidated).

ELIHU C. WILSON,

Complainant,

vs.

UNION TOOL COMPANY,

Defendant.

Certificate of Clerk U. S. District Court to Transcript of Record.

I, Chas. N. Williams, Clerk of the United States District Court for the Southern District of California, do hereby certify the foregoing 103 pages, numbered from 1 to 103, inclusive, to be a full, true and correct copy of interlocutory decree, writ of injunction, motion that defendant be punished for contempt of Court, with supporting affidavits, with exception of the photographic exhibits and catalogues attached thereto, which are omitted pursuant to the

instructions of the attorney for the plaintiff in error, order to show cause, stipulation of facts, Opinion, decree in contempt, petition for writ of error, order allowing writ of error, bond of Elihu C. Wilson, Assignment of errors, and praecipe for transcript, in a contempt matter in the above and therein entitled cause, and that the same together constitute the record on writ of error in said matter and cause, as specified in the praecipe for transcript; said record also contains the original citation and original writ of error.

I DO FURTHER CERTIFY, that the cost of the foregoing transcript on writ of error is $25.40, the amount whereof has been paid me by the plaintiff in error.

IN TESTIMONY WHEREOF, I have hereunto set my hand and [104] affixed the seal of the District Court of the United States of America, in and for the Southern District of California, this thirtieth day of September, in the year of our Lord, one thousand nine hundred and nineteen, and of our Independence, the one hundred and forty-fourth.

[Seal] CHAS. N. WILLIAMS,
Clerk of the United States District Court, in and for the Southern District of California.

By R. S. Zimmerman,
Deputy Clerk. [105]

[Endorsed]: No. 3397. United States Circuit Court of Appeals for the Ninth Circuit. Elihu C. Wilson, Plaintiff in Error, vs. Union Tool Company, Defendant in Error. Transcript of Record. Upon Writ of Error to the United States District Court of the Southern District of California, Southern Division.

Filed October 2, 1919.

F. D. MONCKTON,
Clerk of the United States Circuit Court of Appeals for the Ninth Circuit.

By Paul P. O'Brien,
Deputy Clerk.

In the United States District Court for the Southern District of California, Southern Division.

IN EQUITY—A.-4—B.-62 (Consolidated).

CONTEMPT PROCEEDINGS.

ELIHU C. WILSON,

Complainant,

vs.

UNION TOOL COMPANY,

Defendant.

Petition for Cross Writ of Error.

To the Honorable BENJAMIN F. BLEDSOE, District Judge.

The above-named complainant shows that a decree in contempt proceedings having been rendered and entered in the above-entitled cause on the 8th day of August, A. D. 1919, and the above-named defendant having secured an allowance of a writ of error by virtue of which the United States Circuit Court of Appeals for the Ninth Circuit has designated and set the 9th day of October, A. D. 1919, at its courtroom in the city and county of San Francisco, State of California, as the time and place for reviewing the said decree under said writ of error,—

Now, the above-named complainant also feeling aggrieved by the said decree in contempt, prays this Court for an order allowing him to prosecute a cross writ of error from said decree to the said United States Circuit Court of Appeals for the Ninth Circuit for the reasons and errors of record set forth in the

assignment of errors filed herewith, and he prays that citation may be issued as provided by law, and the transcript of record, proceedings and documents upon which said decree was based, all of which have been duly authenticated and sent to the said United States Circuit Court of Appeals for the Ninth Circuit for the hearing of defendant's writ of error, will be used as the transcript of record and proceedings at the hearing of this cross writ of error under the rules of such court in such cases made and provided.

And your petitioner further prays that the proper order relating to the required security to be required of him be made.

Dated September 17th, A. D. 1919.

G. BENTON WILSON,
Solicitor for Complainant.

[Endorsed]: No. ——. United States District Court, Southern District of California, Southern Division. Elihu C. Wilson, Complainant, vs. Union Tool Company, Defendant. In Equity—A.-4—B.-62 (Consolidated). Contempt Proceedings. Petition for Cross Writ of Error. Filed Sep. 17, 1919. Chas. N. Williams, Clerk. Maury Curtis, Deputy Clerk. G. Benton Wilson, 2301 East Vernon Ave., Los Angeles, California, Solicitor for Complainant.

I, Chas. N. Williams, Clerk of the District Court of the United States for the Southern District of California, do hereby certify the foregoing to be a full, true and correct copy of an original petition for cross writ of error filed in my office September 17th, 1919, in the cause entitled Elihu C. Wilson, Com-

plainant, vs. Union Tool Company, Defendant, No. A.–4—B.–62—Equity, Consolidated, Southern Division, as the same remains on file therein.

ATTEST my hand and the seal of said District Court, this 23d day of October, A. D. 1919.

[Seal] CHAS. N. WILLIAMS,
Clerk.
By R. S. Zimmerman,
Deputy Clerk.

[Endorsed]: Nos. A.–4 and B.–62—Eq. (Consolidated). United States District Court, Southern District of California, Southern Division. Elihu C. Wilson, Complainant, vs. Union Tool Company, Defendant. Certified Copy of Petition for Cross Writ of Error.

No. 3397. United States Circuit Court of Appeals for the Ninth Circuit. Filed Oct. 27, 1919. F. D. Monckton, Clerk.

In the United States District Court, for the Southern District of California, Southern Division.

IN EQUITY—A.–4—B.–62 (Consolidated).

CONTEMPT PROCEEDINGS.

ELIHU C. WILSON,
Complainant,

vs.

UNION TOOL COMPANY,
Defendant.

Order Allowing Cross Writ of Error.

This day came the complainant herein, by its counsel, and presented a petition for a cross writ of error and an assignment of errors accompanying the same, which petition is hereby allowed and the complainants allowed a cross writ of error to the United States Circuit Court of Appeals for the Ninth Circuit upon the filing of a bond in the sum of Five Hundred Dollars ($500.00), with good and sufficient security to be approved by the Court.

Dated September 17, A. D. 1919.

ERSKINE M. ROSS,
U. S. Circuit Judge.

[Endorsed]: No. A.–4—B.–62—Eq. United States District Court, Southern District of California, Southern Division. Elihu C. Wilson, Complainant, vs. Union Tool Company, Defendant. In Equity—A.–4—B.–62 (Consolidated). Contempt Proceedings. Order Allowing Cross Writ of Error. Filed Sep. 17, 1919. Chas. N. Williams, Clerk. By Maury Curtis, Deputy Clerk. G. Benton Wilson, 2301 East Vernon Ave., Los Angeles, California, Solicitor for Complainant.

I, Chas. N. Williams, Clerk of the District Court of the United States for the Southern District of California, do hereby certify the foregoing to be a full, true and correct copy of an original order allowing cross writ of error filed in my office September 17, 1919, in the cause entitled Elihu C. Wilson, Complainant, vs. Union Tool Company, Defend-

ant, No. A.–4 and B.–62—Equity, Southern Division, as the same remains on file therein.

ATTEST my hand and the seal of said District Court, this 23d day of October, A. D. 1919.

[Seal] CHAS. N. WILLIAMS,
Clerk.

By R. S. Zimmerman,
Deputy Clerk.

[Endorsed]: Nos. A.–4 and B.–62—Eq. (Consolidated.) United States District Court, Southern District of California, Southern Division. Elihu C. Wilson, Complainant, vs. Union Tool Company, Defendant. Certified Copy of Order Allowing Cross Writ of Error.

No. 3397. United States Circuit Court of Appeals for the Ninth Circuit. Filed Oct. 27, 1919. F. D. Monckton, Clerk.

[Endorsed]: Printed Transcript of Record. Filed October 22, 1919. F. D. Monckton, Clerk.

No. 3397

United States
Circuit Court of Appeals
For the Ninth Circuit.

ELIHU C. WILSON,

Plaintiff in Error,

vs.

UNION TOOL COMPANY,

Defendant in Error.

Upon Writ of Error to the United States District Court of the Southern District of California, Southern Division.

PROCEEDINGS HAD IN THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE NINTH CIRCUIT.

In the United States Circuit Court of Appeals, for the Ninth Circuit.

No. 3397.

ELIHU C. WILSON,

Plaintiff in Error,

vs.

UNION TOOL COMPANY,

Defendant in Error.

Notice of Motion to Dismiss Writ of Error.

To Elihu C. Wilson, Plaintiff in Error, and George Benton Wilson, Esq., His Attorney:

Please take notice that on Monday, February 2, 1920, at 10:30 o'clock A. M. of said day, or as soon thereafter as counsel can be heard, defendant in error will bring on for hearing and determination before the above-named court at the courtroom thereof in the Postoffice Building in the City of San Francisco, California, the attached Motion to Dismiss Writ of Error herein.

A. V. ANDREWS,
FREDERICK S. LYON,
Attorneys for Defendant in Error.

In the United States Circuit Court of Appeals, for the Ninth Circuit.

No. 3397.

ELIHU C. WILSON,

Plaintiff in Error,

vs.

UNION TOOL COMPANY,

Defendant in Error.

Motion to Dismiss Writ of Error.

Comes now Union Tool Company, defendant in error, by Frederick S. Lyon and A. V. Andrews, its attorneys, and moves this Court to dismiss the writ of error herein sued out by Elihu C. Wilson as plaintiff in error, upon each of the following grounds:

1. That this Court has no jurisdiction to entertain or consider said writ of error.

2. That the judgment sought to be reviewed is a judgment of acquittal in a criminal proceeding; that Elihu C. Wilson is not a proper party as plaintiff in error to prosecute a writ of error for a review of such judgment of acquittal; that the United States of America by the United States District Attorney for the Southern District of California is the only party entitled to sue out or maintain a writ of error for review of such judgment of acquittal, if anyone.

3. That a writ of error is not a proper or legal remedy or proceeding by which to seek a review of the matters or things set forth in the assignments of error by Elihu C. Wilson as plaintiff in error herein.

4. That if any remedy exists on behalf of Elihu C. Wilson to review the judgment or decree sought to be reviewed, it is by appeal and not by a writ of error.

5. That if the contempt proceedings sought to be reviewed or the judgment of acquittal therein sought to be reviewed can be contrued as a civil proceeding, review thereof must be by appeal as the suit is in equity and a writ of error does not lie.

6. That if the said contempt proceeding or the judgment of decree thereof can be construed as a civil proceeding, or a civil decree in equity, the judg-

ment or decree sought to be reviewed is interlocutory and not final and not appealable.

7. That if the contempt proceeding sought to be reviewed can be construed as a civil proceeding, the judgment or decree sought to be reviewed is not final; on the contrary, such judgment or decree was "without prejudice to the right on the part of the plaintiff to renew its application hereafter."

8. That if the contempt proceedings attempted to be reviewed herein can be construed as a civil proceeding, said Elihu C. Wilson has not filed in this court a certified record of the case upon which the same was heard in the lower court.

9. That if the contempt proceedings attempted to be reviewed herein can be construed as a civil proceeding, the alleged "transcript of record" filed by Elihu C. Wilson is not prepared or certified as required by law and has no standing in this court, and there is nothing before the Court upon which the Court can review the decree sought to be reviewed.

10. Elihu C. Wilson, as plaintiff in error, has not secured the allowance of any bill of exceptions and no bill of exceptions is contained in the purported "transcript of record" filed by Elihu C. Wilson herein.

11. That there is no bill of exceptions or transcript of record on file or presented to this Court, which has been prepared or certified as required by law.

Statement of Facts Under Rule 21.

An injunction was issued by the United States District Court, Southern District of California, in suit in equity, wherein Elihu C. Wilson was plaintiff and Union Tool Company defendant. This is referred to in the opinion of this Court filed January 5, 1920,

Case No. 3393, Union Tool Company et al., Plaintiffs in Error, vs. United States of America and Elihu C. Wilson, Defendants in Error.

The United States of America did not secure the allowance of any bill of exceptions on its behalf nor did it sue out any writ of error in the contempt proceedings or from the judgment or decree in such contempt proceedings.

The judgment or decree in such contempt proceedings resulted in a certain fine as to certain matters. This fine was reviewed by this Court in Case No. 3393.

The judgment in such contempt proceedings as to certain other matters purged defendant of the charge of contempt in those particulars, "without prejudice to the right on the part of the plaintiff to renew its application hereafter." Plaintiff has never renewed such application.

Elihu C. Wilson has not prepared or secured the allowance of a bill of exceptions but simply presents an alleged transcript of record prepared under the instructions of his attorney and not certified to contain all of the record upon which the contempt proceedings were heard. Nor does it contain all of the same so far as the matters sought to be reviewed are concerned.

A. V. ANDREWS,
FREDERICK S. LYON.
Attorneys for Defendant in Error.

[Endorsed]: No. 3397. United States Circuit Court of Appeals for the Ninth Circuit. Notice of and Motion to Dismiss Writ of Error. Filed Feb. 2, 1920. F. D. Monckton, Clerk. By Paul P. O'Brien, Deputy Clerk.

At a stated term, to wit, the October Term, A. D. 1919, of the United States Circuit Court of Appeals for the Ninth Circuit, held in the court-room thereof, in the City and County of San Francisco, in the State of California, on Monday, the second day of February, in the year of our Lord one thousand nine hundred and twenty. Present: The Honorable WILLIAM B. GILBERT, Senior Circuit Judge, Presiding; The Honorable WILLIAM H. HUNT, Circuit Judge; The Honorable CHARLES E. WOLVERTON, District Judge.

No. 3397.

ELIHU C. WILSON,

Plaintiff in Error,

vs.

UNION TOOL COMPANY,

Defendant in Error.

Order of Submission and Motion to Dismiss Writ of Error, etc.

ORDERED motion, filed January 8, 1920, to dismiss writ of error in the above-entitled cause, and the cause on the merits argued by Mr. Frederick S. Lyon, counsel for the defendant in error, and by Mr. G. Benton Wilson, counsel for the plaintiff in error, and submitted to the Court for consideration and decision.

At a stated term, to wit, the October Term, A. D. 1919, of the United States Circuit Court of Appeals for the Ninth Circuit, held in the courtroom thereof, in the City and County of San Francisco, in the State of California, on Monday, the seventeenth day of May, in the year of our Lord one thousand nine hundred and twenty. Present: The Honorable WILLIAM B. GILBERT, Senior Circuit Judge, Presiding; The Honorable ERSKINE M. ROSS, Circuit Judge; The Honorable WILLIAM H. HUNT, Circuit Judge.

No. 3397.

ELIHU C. WILSON,

Plaintiff in Error,

vs.

UNION TOOL COMPANY,

Defendant in Error.

Order Directing Filing of Opinion and Filing and Recording of Judgment.

By direction of the Honorable William B. Gilbert and William H. Hunt, Circuit Judges, and the Honorable Charles E. Wolverton, District Judge, before whom the cause was heard, ORDERED that the typewritten opinion this day rendered by this Court in the above-entitled cause be forthwith filed by the clerk, and that a judgment be filed and recorded in the minutes of this Court in accordance with said opinion.

In the United States Circuit Court of Appeals for the Ninth Circuit.

No. 3397.

ELIHU C. WILSON,

Plaintiff in Error,

vs.

UNION TOOL COMPANY,

Defendant in Error.

Opinion U. S. Circuit Court of Appeals.

Writ of Error to the United States District Court of the Southern District of California, Southern Division.

Before GILBERT and HUNT, Circuit Judges, and WOLVERTON, District Judge.

HUNT, Circuit Judge:

Upon an appeal from an interlocutory decree, holding that Wilson patent No. 827,595 for an underreamer was valid as to several certain claims and was infringed as to claims 9 and 19, and awarding an accounting, this Court affirmed the decree of the District Court. A full history of the case is given in Union Tool Company vs. Wilson, 249 Fed. 736. Thereafter, in contempt proceedings instituted in the District Court, the Union Tool Company was held to have violated the injunction issued in Union Tool Company vs. Wilson, *supra,* by having manufactured, offered for sale and sold two types of underreamers, neither of which was substantially or even

colorably different from the respective devices described in the injunctive order of the Court, the manufacture, sale and use of which underreamers were inhibited; and that the Tool Company, since the issuance and service of the injunction, had offered for sale and sold extra, spare and repair parts and elements for and to be used with its device sold prior to the issuance and service of the injunction. The Court, however, purged the corporation of contempt in the matter of sales of repair parts but made the order without prejudice to the right of Wilson to renew his application. The Company was fined $5,000, out of which sum, when paid, the clerk of the Court was authorized to pay over to the complainant, Wilson, $2,500 as a reasonable portion of the expenses incurred by the complainant in the contempt proceeding, and the Court ordered that if upon execution the fine was not paid, the president of the Tool Company, Double, should stand committed to jail and be confined until the fine was paid.

Writ and cross-writ of error were sued out and upon the writ brought by the Union Tool Company and Double to review the judgment of conviction, this Court reversed the clearly punitive portion of the decree of the District Court but affirmed that portion which imposed a fine and directed that the fine imposed should be paid to the complainant to cover his costs. Union Tool Co. et al. vs. United States et al., 262 Fed. 431.

By the cross-writ now before us we are to review that portion of the judgment of the District Court wherein the Tool Company was purged of contempt.

The Tool Company, however, first questions our jurisdiction and contends that appeal, not writ of error, is the proper remedy. Inasmuch as the contempt proceeding had two aspects, criminal and civil, the criminal dominated and in seeking review the Tool Company properly sued out writ of error. Matter of Christensen Engineering Co., 194 U. S. 458. But as both the punitive and remedial phases were before the District Court and both were considered, both may be reviewed upon writ of error. Proudfit L. L. Co. vs. Kalamazoo L. L. Co., 230 Fed. 120; Kreplik vs. Couch Patents Co., 190 Fed. 565. It would be strange if merely because there was a reversal of the criminal aspect of the judgment, the party in whose favor the remedial order was affirmed should now be denied relief and thus be obliged to proceed anew by another procedure. Such a ruling would be out of accord with section 4 of the Act to amend the Judicial Code, approved September 6, 1916, 39 Stat. L. 726, which provides that "No Court having power to review a judgment or decree rendered or passed by another shall dismiss a writ of error solely because an appeal should have been taken, or dismiss an appeal solely because a writ of error should have been sued out, but when such mistake or error occurs it shall disregard the same and take the action which would be appropriate if the proper appellate procedure had been followed." We therefore deny the motion to dismiss.

Upon the merits: The position of Wilson is that the District Court erred in the order purging of contempt, because in the trial upon the contempt pro-

ceeding it was stipulated that before and since the service of the injunction already referred to, the Tool Company not only had manufactured and sold and intended to continue to manufacture and sell the double pocket type of underreamer and the double type U underreamer, together with extra, spare and repair parts therefor, but also had manufactured and sold and intended to continue to manufacture and sell cutters, springs, rods, cotter pins and all parts except bodies, as extra or repair parts for and to be used with the underreamers, particularly referred to and described in the interlocutory decree and injunction which had been issued in the case and which were sold by the defendant to dealers and users prior to the service of the injunction. By the writ of injunction the Tool Company and its officers and agents were enjoined from "manufacturing, using, leasing, selling or causing to be sold in any manner, underreamers like or embodying the construction or interrelation or formation of parts of complainant's double reamer and extras or type D (in exhibit) or a reamer, Type E, or a reamer Type F, and from manufacturing, selling, using or leasing any part or parts or elements calculated and intended to be combined or used as a part of or feature of any underreamer or device in infringement of letters patent, No. 827,595, being the letters patent sued on in this case, that is, claims 9 and 19 thereof, in any manner whatever; or from manufacturing or causing to be manufactured, using or causing to be used, selling or leasing or causing to be sold or leased, either directly or indirectly any combination

of parts or elements or features capable of being assembled together or used in infringement of said letters patent, No. 827,595, that is, of claims 9 and 19 thereof." It is plain that in the light of the finding, and considering the injunction order of the District Court, the only legal conclusion to be reached is that there was a deliberate violation and a contempt, and that it was error to purge of such contempt, unless there is merit in the contention that the order of the District Court was not a positive injunction against the manufacture of all parts or elements of the device, but only as against the manufacture or use or sale of "any part or parts or elements calculated and intended to be combined or used as a part of or feature of any underreamer or device in infringement of said letters patent, No. 827,595, that is, of claims 9 and 19 thereof." The theory advanced is that the Wilson patent is for a combination; that the infringement adjudged was the manufacture and sale by defendant of complete underreamers embodying the combination of the respective claims 9 and 19 of the patent; that the infringement was of the underreamer as an entirety, that is, a combination; that the unconditional sale of a patented machine carries with it a right to the purchaser or his successors in interest, to maintain such machine in operative condition; that the purchaser has the right himself to make all repairs necessary to keep the machine in operation and may make new parts and therefore, it having been adjudged that the cutters or bits do not infringe claims 16 or 17 of the patent; that supplying substitute cutters is not

supplying the combination, but is repairing the combination, that is the repair of a licensed combination underreamer. The rule of contributory infringement, however, does not uphold the contention. In Thompson Houston vs. Ohio Co., 80 Fed. 712, it was held by the Court of Appeals that it was settled that where one makes and sells one element of a combination covered by a patent with the intention and for the purpose of bringing about its use in such combination, he is guilty of contributory infringement and is equally liable to the patentee with him, who in fact organizes the complete combination. Judge Taft, for the Court said: "Many of the most valuable patents are combinations of nonpatentable elements and the only effective mode of preventing infringement is by suits against those who, by furnishing the parts which distinguish the combination, made it possible for others to assemble and use the combination and who, by advertisement of the sale of such parts and otherwise, intentionally solicit and promote such invasions of the patentee's rights."

The plea that the parts manufactured and sold to dealers and users were for repair only, is not altogether substantial, inasmuch as the stipulation of facts in the record and the finding of the lower Court show that the Tool Company had offered for sale and sold "extra, spare and repair parts and elements" for and to be used with the infringing underreamers. The principle that a right of the user of a patented device extends to repairs of the device, does not go to the extent of replacing parts such as obtaining duplicates or spare parts and extras in anticipation of

breakage or destruction. National Casting Co. vs. American Steel Foundries, 182 Fed. 626; Slocomb & Co. vs. Laymen Co., 227 Fed. 94. The fact that the purchaser of extra, spare and repair parts may have no body portion of the underreamer, does not necessarily affect the question where the infringer has sold all parts required to reconstruct the combination where the purchasers have underreamer bodies of the infringed type. Wilson vs. Simpson, 9 How. 109. Morrin vs. White Works, 138 Fed. 68. But further discussion of possible distinctions between repairs and construction becomes unnecessary in view of the terms of the injunction and identification of the devices made in the decree and the admissions of the Tool Company that the extra, spare and repair parts were intended for use with such devices. Leeds Catlin vs. Victor Talking Machine Co., 213 U. S. 325.

It is argued that when Wilson secured a decree granting accounting of profits and damages resulting from the infringement, that thereby the infringing devices were released in the hands of the users and that for Wilson to seek profits and damages for the past infringements and also to seek injunction against further manufacture of the extra, spare and repair parts and elements, is to ask two remedies for one wrong. The error of this position, as we view it, is that it conflicts with the rule that the infringing devices are not free in the hands of the users until the patentee whose rights have been transgressed, has received full satisfaction for the transgression. Sherman-Clay vs. Searchlight Horn Co., 225 Fed. 497; Stebler vs. Riverside Heights Orange Growers Asso-

ciation, 214 Fed. 550. In the Stebler case, decided by this Court, the patentee and the manufacturing infringer sold directly to users only, and all profits and damages became involved in the suit, whereas, in the case under consideration the patentee, Wilson, and the manufacturing infringer, the Tool Company, sell to dealers and re-sellers, and whatever profit retailers may make may not always be recovered in the accounting to be had. Should such a result follow, Wilson may proceed against the re-sellers or user for retailer's profit.

Under the findings by the District Court, we believe that the only conclusion is that there was a wilful disobedience of the injunction, and that it was an abuse of discretion on the part of the Court to purge the defendant in error of contempt.

The judgment is, therefore, reversed and the cause is remanded to the District Court, with directions to impose such punishment as may seem proper.

Reversed and remanded.

[Endorsed]: Opinion. Filed May 17, 1920. F. D. Monckton, Clerk. By Paul P. O'Brien, Deputy Clerk.

United States Circuit Court of Appeals for the Ninth Circuit.

No. 3397.

ELIHU C. WILSON,

Plaintiff in Error,

vs.

UNION TOOL COMPANY,

Defendant in Error.

Judgment U. S. Circuit Court of Appeals.

In Error to the District Court of the United States for the Southern District of California, Southern Division.

This cause came on to be heard on the Transcript of the Record from the District Court of the United States for the Southern District of California, Southern Division, and on the motion of counsel for the defendant in error to dismiss the writ of error therein, and was duly submitted.

On consideration whereof, it is now here ordered and adjudged by this Court, that the said motion to dismiss the writ of error in this cause be, and hereby is denied, and that the judgment of the said District Court in this cause be, and hereby is reversed, with costs in favor of the plaintiff and against the defendant in error, and that this cause be, and hereby is remanded to the said District Court, with directions to impose such punishment as may seem proper.

It is further ordered and adjudged by this Court that the plaintiff in error recover against the defend-

ant in error for his costs herein expended, and have execution therefor.

[Endorsed]: Judgment. Filed and entered May 17, 1920. F. D. Monckton, Clerk. By Paul P. O'Brien, Deputy Clerk.

At a stated term, to wit, the October Term, A. D. 1919, of the United States Circuit Court of Appeals for the Ninth Circuit, held in the courtroom thereof, in the City and County of San Francisco, in the State of California, on Monday, the second day of August, in the year of our Lord one thousand nine hundred and twenty. Present: The Honorable WILLIAM W. MORROW, Circuit Judge, Presiding; The Honorable WILLIAM H. HUNT, Circuit Judge.

No. 3397.

ELIHU C. WILSON,

Plaintiff in Error,

vs.

UNION TOOL COMPANY,

Defendant in Error.

Order Denying Petition for Rehearing.

On consideration of the petition filed June 15, 1920, on behalf of defendant in error for a rehearing of the above-entitled cause, of the reply of plaintiff in error to said petition for rehearing filed June 21, 1920, and of the answer of defendant in error to reply of plaintiff in error to petition for rehearing filed June 24,

1920, and by direction of the Honorable William B. Gilbert, and William H. Hunt, Circuit Judges, and the Honorable Charles E. Wolverton, District Judge, before whom the case was heard, it is ORDERED that the said petition, filed June 15, 1920, on behalf of the defendant in error, for a rehearing of the above-entitled cause be, and hereby is denied.

United States Circuit Court of Appeals for the Ninth Circuit.

No. 3397.

ELIHU C. WILSON,

Plaintiff in Error,

vs.

UNION TOOL COMPANY,

Defendant in Error.

Order Staying Issuance of Mandate Under Rule 32 Until After Supreme Court U. S. Passes Upon Petition for Writ of Certiorari, etc.

Upon application of Mr. Frederick S. Lyon, counsel for the defendant in error, and good cause therefor appearing, ORDERED mandate of this court under Rule 32 in the above-entitled cause stayed for a period of thirty (30) days from the 7th instant, on condition that the petition for writ of certiorari to be made to the Supreme Court of the United States be filed and docketed in said Supreme Court within the time so extended, and submitted to said Supreme Court agreeably to Subdivision 4 of Rule 37 of the

Rules of said Supreme Court, and in that event the said mandate be stayed until after the determination of said petition.

WM. H. HUNT,
United States Circuit Judge.

Dated: San Francisco, California, August 3, 1920.

[Endorsed]: Order Staying Issuance of Mandate, etc. Filed August 3, 1920. F. D. Monckton, Clerk.

United States Circuit Court of Appeals for the Ninth Circuit.

No. 3397.

ELIHU C. WILSON,

Plaintiff in Error,

vs.

UNION TOOL COMPANY,

Defendant in Error.

Certificate of Clerk U. S. Circuit Court of Appeals to Record Certified Under Section 3 of Rule 37 of the Rules of the Supreme Court of the United States.

I, Frank D. Monckton, as Clerk of the United States Circuit Court of Appeals for the Ninth Circuit, do hereby certify the foregoing one hundred and thirty-eight (138) pages, numbered from and including 1 to and including 138, to be a full, true and correct copy of the entire record of the above-entitled case in the said Circuit Court of Appeals, made pursuant to request of counsel for the defendant in error, and certified under section 3 of Rule 37 of the rules of the Supreme Court of the United States, as the originals thereof remain on file and appear of record in my office.

ATTEST may hand and the seal of the said the United States Circuit Court of Appeals for the Ninth Circuit, at the City of San Francisco, in the State of California, this 6th day of August, A. D. 1920.

[Seal] F. D. MONCKTON,
Clerk.
By Paul P. O'Brien,
Deputy Clerk.

UNITED STATES OF AMERICA, *ss:*

[Seal of the Supreme Court of the United States.]

The President of the United States of America to the Honorable the Judges of the United States Circuit Court of Appeals for the Ninth Circuit, Greeting:

Being informed that there is now pending before you a suit in which Elihu C. Wilson is plaintiff in error, and Union Tool Company is defendant in error, No. 3397, which suit was removed into the said Circuit Court of Appeals by virtue of a writ of error to the District Court of the United States for the Southern District of California, and we, being willing for certain reasons that the said cause and the record and proceedings therein should be certified by the said Circuit Court of Appeals and removed into the Supreme Court of the United States, Do hereby command you that you send without delay to the said Supreme Court, as aforesaid, the record and proceedings in said cause, so that the said Supreme Court may act thereon as of right and according to law ought to be done.

Witness the Honorable Edward D. White, Chief Justice of the United States, the twenty-second day of October, in the year of our Lord one thousand nine hundred and twenty.

JAMES D. MAHER,
Clerk of the Supreme Court
of the United States.

[Endorsed:] File No. 27,878. Supreme Court of the United States, October Term, 1920. No. 521. Union Tool Company vs. Elihu C. Wilson. Writ of certiorari. Docketed. No. 3397. United States Circuit Court of Appeals for the Ninth Circuit.

Filed Nov. 8, 1920. F. D. Monckton, clerk, by Paul P. O'Brien, deputy clerk.

United States Circuit Court of Appeals for the Ninth Circuit.

No. 3397.

ELIHU C. WILSON, Plaintiff in Error,

vs.

UNION TOOL COMPANY, Defendant in Error.

Stipulation Regarding Certified Transcript of Record on Writ of Error from Supreme Court to the Above-entitled Court.

It is hereby stipulated and agreed that the certified transcript of record heretofore furnished by the clerk of the above entitled court for and as part of the Petition of Union Tool Company for a Writ of Certiorari from the Supreme Court of the United States to this Court, and filed in the Supreme Court of the United States in connection with said Petition for Certiorari, be taken and considered as a return to the Writ of Certiorari issued by the Supreme Court of the United States on October 22, 1920, in the above entitled case and used as the certified record and transcript of proceedings upon which said Writ of Certiorari shall be heard, tried and determined in the Supreme Court of the United States; and that a certified copy of this Stipulation, certified by the clerk of this Court, be returned to the Supreme Court of the United States in response to said Writ of certiorari.

Dated Los Angeles, California, November 4, 1920.

(Sgd.) G. BURTON WILSON,
Solicitor and of Counsel for Plaintiff in Error.

(Sgd.) FREDERICK S. LYON,
(Sgd.) A. V. ANDREWS,
(Sgd.) W. K. WHITE,
Solicitors and of Counsel for Defendant in Error.

[Endorsed:] Stipulation regarding certified transcript of record on writ of error, etc. Filed Nov. 8, 1920. F. D. Monckton, clerk, by Paul P. O'Brien, deputy clerk.

United States Circuit Court of Appeals for the Ninth Circuit.

No. 3397.

ELIHU C. WILSON, Plaintiff in Error,

vs.

UNION TOOL COMPANY, Defendant in Error.

Certificate of Clerk U. S. Circuit Court of Appeals to Stipulation Regarding Certified Transcript of Record on Writ of Error from Supreme Court to the Above-entitled Court.

I, Frank D. Monckton, as Clerk of the United States Circuit Court of Appeals for the Ninth Circuit, do hereby certify the preceding page to be a full, true and correct copy of a "Stipulation Regarding Certified Transcript of Record on Writ of Error from Supreme Court to the above entitled Court,"

filed in the above entitled cause on the 8th day of November, 1920, as the original thereof remains on file and of record in my office.

Attest my hand and the seal of the United States Circuit Court of Appeals for the Ninth Circuit, at the City of San Francisco, in the State of California, this 8th day of November, A. D. 1920.

[Seal of United States Circuit Court of Appeals, Ninth Circuit.]

F. D. MONCKTON,
Clerk,
By PAUL P. O'BRIEN,
Deputy Clerk.

United States Circuit Court of Appeals for the Ninth Circuit.

No. 3397.

ELIHU C. WILSON, Plaintiff in Error,

vs.

UNION TOOL COMPANY, Defendant in Error.

Return to Writ of Certiorari.

By direction of the Honorable the Judges of the United States Circuit Court of Appeals for the Ninth Circuit, I, Frank D. Monckton, as Clerk of said Court in obedience to the annexed writ of certiorari issued out of the Honorable the Supreme Court of the United States and addressed to the Honorable the Judges of the United States Circuit Court of Appeals for the Ninth Circuit, commanding them to

send, without delay, to the said Supreme Court the record and proceedings in the above-entitled cause do attach to the said Writ and send to the said Supreme Court a certified copy of a "Stipulation Regarding Certified Transcript of Record on Writ of Error from Supreme Court to the above entitled Court," in which said Stipulation it is provided that the certified Transcript of the Record heretofore filed by the plaintiff in error in said cause in the said Supreme Court as a part of its petition for a Writ of Certiorari may be taken as the Return to the said Writ of Certiorari, the original of which stipulation was filed in my office on this 8th day of November, A. D. 1920.

In testimony whereof, I have hereunto set my hand and affixed the Seal of the United States Circuit Court of Appeals for the Ninth Circuit, at the City of San Francisco, in the State of California, this 8th day of November, A. D. 1920.

[Seal of United States Circuit Court of Appeals, Ninth Circuit.]

F. D. MONCKTON,
Clerk of the United States Circuit Court of Appeals for the Ninth Circuit,
By PAUL P. O'BRIEN,
Deputy Clerk.

[Endorsed:] 521/27878.

[Endorsed:] File No. 27,878. Supreme Court U. S., October Term, 1920. Term No. 521. Union Tool Company, petitioner, vs. Elihu C. Wilson. Writ of certiorari and return. Filed Dec. 7, 1920.

SUPREME COURT

UNITED STATES

October Term, 1920

Union Tool Company,
Petitioner and Appellant,
vs.
Ellis C. Wilson,
Respondent and Plaintiff.

On Petition for a Writ of Certiorari to Be Addressed to the Supreme Court of the United States and the Ninth Circuit.

PETITION AND BRIEF

A. W. Adams,
Plummer, Idaho,
and
William Hepburn Hart,
Spokane, Wash.,
Counsel for Petitioner.

Press of Rand-McNally Printing Co., Spokane, Wash.

SUBJECT INDEX AND LIST OF CASES.

PAGE

Petition 3
Brief 11
Notice 21

List of Cases.

Doyle v. London Guarantee and Accident Company, Limited, 204 U. S. 599..... 14
Ex parte National Enameling Co., 201 U. S. 156... 15
In re Christensen, 194 U. S. 458..... 15
Leeds & Catlin Co. v. Victor Talking Machine Co., 232 U. S. 325..... 19
Stebler v. Riverside Heights Orange Growers' Association, 214 Fed. 550..... 18

IN THE

SUPREME COURT

OF THE

UNITED STATES.

Union Tool Company,
Petitioner and Defendant,
vs.
Elihu C. Wilson,
Respondent and Plaintiff.

Petition for Writ of Certiorari to be Addressed to the Judges of the United States Circuit Court of Appeals for the Ninth Circuit.

To the Honorable, the Chief Justice and Associate Justices of the Supreme Court of the United States:

Your petitioner respectfully shows:

That on September 8, 1916, an interlocutory decree was made herein whereby your petitioner was enjoined from infringing claims 9 and 19 of United States letters patent No. 827,595, issued on July 31, 1906, to the respondent, Elihu C. Wilson. [R. 6.] *No final decree has been entered herein,* the cause now being before

the master on the accounting ordered taken by the interlocutory decree. Thereafter a writ of injunction, in accordance with the provisions of said interlocutory decree, was issued and served on petitioner. [R. 14.]

In April, 1919, on motion of the respondent and upon the affidavits filed in support thereof, the District Court made an order requiring your petitioner to show cause why it should not be punished for contempt in failing to comply with the provisions of said injunction. [R. 17.]

After the hearing, on said order to show cause, the District Court rendered its opinion wherein it was expressly found that your petitioner *had not willfully violated the injunction.* [R. 59, 88.] A "Decree in Contempt" was thereafter made and entered. [R. 94.]

In this "Decree in Contempt," it is adjudged that petitioner was guilty of contempt, by reason of its manufacture and sale of certain specified types of underreamers.

It was also therein adjudged that petitioner, in virtue of such contempt, pay to the clerk of the court a fine of five thousand ($5,000.00) dollars, out of which amount the clerk was ordered to pay to respondent the sum of two thousand five hundred ($2,500.00) dollars as a reasonable portion of the expenses incurred by him in the contempt proceedings.

The "Decree in Contempt" also contained the following provision, to-wit:

"That the defendant, Union Tool Company, has since the issuance and service of the said injunction offered for sale and sold extra, spare and repair parts and elements for, and to be used with, its devices sold prior to the issuance and service of said injunction, but it is purged of contempt in that particular behalf, without prejudice to the right on the part of the plaintiff to renew its application hereafter." [R. 97.]

From the "Decree in Contempt," your petitioner was allowed a writ of error to the Circuit Court of Appeals for the Ninth Circuit. [R. 101.]

As a result of the proceedings on said writ of error, the Circuit Court of Appeals reversed the clearly punitive portion of said "Decree in Contempt." Its opinion, in said proceedings, is reported in 262 Federal Reporter 431, 434. Therein the court of Appeals said:

> "Our construction of the decree is that there was an acquittal of the defendant of having acted in bad faith and of having willfully violated the injunction order, and by proceeding to a decree based upon the assumption that the acts of the defendant corporation had not been done willfully, we think the corporation was exonerated of willful and contumacious disregard of the injunction. Bessette v. Conkey, 194 U. S. 324, 24 Sup. Ct. 665, 48 L. Ed. 997.
>
> "We are therefore of the opinion that the clearly punitive portion of the decree must be reversed. But in so far as the decree

> imposed a fine, and directed that the sum imposed should be paid to the complainant to cover his costs, the decree must be sustained."

This petition for a writ of *certiorari* does not involve such decision of the Circuit Court of Appeals rendered in the proceedings had on your petitioner's said writ of error.

The respondent, Elihu C. Wilson, sued out a "Cross Writ of Error" from that portion of the "Decree in Contempt" *purging your petitioner of contempt* in respect to its manufacture and sale of repair parts for use in underreamers sold by it prior to the interlocutory decree and which underreamers, your petitioner contended, were freed of the monopoly of the Wilson patent by reason of the interlocutory decree herein awarding the respondent full damages and profits. [R. 116.]

It is to be noted said "Decree in Contempt" so purged your petitioner of contempt *"without prejudice to the right on the part of the plaintiff to renew its application hereafter."*

Petitioner made a motion to dismiss such "Cross Writ of Error" on the ground the Circuit Court of Appeals was without jurisdiction to review the judgment, purging petitioner of contempt, and said motion was denied. [R. 121.]

In the proceedings, had on respondent Wilson's "Cross Writ of Error," the Circuit Court of Appeals rendered its opinion *reversing* the

District Court's judgment, *purging your petitioner of contempt,* and directing that court *"to impose such punishment as may seem proper."* [R. 123; italics ours.]

The reasons, urged for the granting of this petition and which will be discussed in the annexed brief, are the following:

1. The Circuit Court of Appeals was without jurisdiction to review the District Court's judgment, *purging your petitioner of contempt,* because:

(a) The jurisdiction of the Circuit Court of Appeals is strictly statutory and limited to the cases specifically and expressly covered by statute.

(b) No statute gives that court jurisdiction to review a judgment *acquitting* a party of *criminal* contempt.

(c) No statute gives that court jurisdiction to review a judgment of *civil contempt,* except on appeal from the *final* decree entered in the cause wherein the contempt judgment was made.

2. The Circuit Court of Appeals was without jurisdiction to direct the District Court to enter a judgment convicting your petitioner of *criminal* contempt and which said court did do by directing the District Court *"to impose such punishment as may seem proper."*

3. The underreamers, for which repair parts were sold by petitioner, having been freed from the patent monopoly by reason of the interlocutory decree awarding the respondent full damages and profits, your petitioner was not guilty of contributory infringement by reason of selling repair parts for such freed underreamers and, therefore, was not guilty of contempt, either criminal or civil.

4. This, the Supreme Court of the United States, is, as your petitioner is advised and believes, without jurisdiction to issue a writ of prohibition directed to the Circuit Court of Appeals and restraining it from issuing its mandate in accordance with its opinion and decree herein, and, therefore, your petitioner's only relief, in the premises, is the granting of this petition for a writ of *certiorari;* or, failing that, a writ of mandamus directing the Circuit Court of Appeals to dismiss said "Cross Writ of Error" on the ground that said court was without jurisdiction to review said judgment purging your petitioner of contempt.

Wherefore, because of the gravity and importance of the questions involved, your petitioner respectfully prays that a *writ of certiorari* may be issued out of and under the seal of this court, directed to the judges of the United States Circuit Court of Appeals for the Ninth Circuit and commanding them and each of them

to certify and send to this court on a day certain to be therein designated, a full and complete transcript of the record and proceedings of the said Circuit Court of Appeals in the case lately pending therein entitled, "Elihu C. Wilson, plaintiff in error, versus Union Tool Company, defendant in error, No. 3397," to the end that the judgment or decree of said Circuit Court of Appeals in said case may be reviewed as provided by the statutes in such cases made and provided, and that your petitioner may have such other and further relief or remedy in the premises as to this court may seem appropriate and in conformity with the law.

And your petitioner will ever pray.

A. V. ANDREWS,
FREDERICK S. LYON,
WILLIAM K. WHITE,
As Counsel and Attorneys for Petitioner.

A. V. ANDREWS,
FREDERICK S. LYON,
WILLIAM K. WHITE,
Counsel for Petitioner.

State of California, County of Los Angeles—ss.

A. V. Andrews, being first duly sworn, deposes and says that he is counsel for the petitioner, Union Tool Company; that he has read the foregoing petition and the matters of fact stated therein are true.

A. V. Andrews

Subscribed and sworn to before me this 26th day of August, 1920.

Seal

L. BELLE WEAVER

Notary Public in and for the County of Los Angeles, State of California.

In our opinion the foregoing and annexed petition for *certiorari* is well founded as to matters of fact and as to matters of law.

A. V. ANDREWS,
FREDERICK S. LYON,
WILLIAM K. WHITE,
Counsel for Petitioner.

IN THE

SUPREME COURT

OF THE

UNITED STATES.

Union Tool Company,
Petitioner and Defendant,
vs.
Elihu C. Wilson,
Respondent and Plaintiff.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

1.

Circuit Court of Appeals a Court of Limited Jurisdiction.

The jurisdiction of the Circuit Court of Appeals is defined and limited by statute and it has no jurisdiction over cases not specified in the statutes. This is too well established to require citation of authorities.

2.

Circuit Court of Appeals Without Jurisdiction to Review a Judgment of Acquittal of Criminal Contempt.

The respondent deemed the District Court's judgment, purging your petitioner of contempt, a judgment of acquittal of criminal contempt and, therefore, sued out a writ of error.

However, the Circuit Court of Appeals' jurisdiction, in *criminal* contempt proceedings, is limited to a review of judgments of *conviction* and does not extend to a review of judgments of *acquittal.*

Section 23 of the Clayton Act, defining that court's jurisdiction in criminal contempt proceedings, reads as follows:

> "§23, Act of Oct. 15, 1914 (Clayton Act).
>
> "(Contempt—Review of Conviction—Bail.)
>
> "That the evidence taken upon the trial of any persons so accused may be preserved by bill of exceptions, *and any judgment of conviction may be reviewed* upon writ of error in all respects as now provided by law in criminal cases, and may be affirmed, reversed, or modified as justice may require. Upon the granting of such writ of error, execution of judgment shall be stayed, and the accused, if thereby sentenced to imprisonment, shall be admitted to bail in such reasonable sum as may be required by the court, or by any justice, or any judge of any District Court of the

> United States or any court of the District of Columbia." (38 Stats. 739; 6 Fed. Stats. Ann., 2nd Ed., p. 142; 2 U. S. Comp. Stats. 1916, Sec. 1245 cp. p. 2009.) (Italics ours.)

Certainly, there is no other statute on this subject and giving the Circuit Court of Appeals jurisdiction to review a *judgment of acquittal* of criminal contempt.

Therefore, if said judgment, purging your petitioner of contempt, be deemed a judgment of acquittal of *criminal* contempt, the same was not reviewable by the Circuit Court of Appeals.

It is to be noted respondent did not secure the allowance of any bill of exceptions and his cross writ of error is not supported by any bill of exceptions, as provided in the Clayton Act.

Furthermore, it would be contrary to the general principles of criminal law to make a judgment of *acquittal* subject to review and thus possibly put a defendant in jeopardy more than once.

3.

Circuit Court of Appeals Without Jurisdiction to Review a Judgment of Civil Contempt Except Upon the Appeal From the Final Decree in the Case.

If such judgment of acquittal be deemed a civil judgment or decree, it can be regarded only as *interlocutory* in character and, therefore, re-

viewable only upon appeal from a final decree in this cause. No final decree has been made herein and this cause, in the District Court, is now before the master on the accounting.

In the case of Doyle v. London Guarantee and Accident Company, Limited, 204 U. S. 599, 603, 607, this court said:

> "As a result of those decisions we deem it settled that an order punishing for contempt made in the progress of the case, when not in the nature of an order in a criminal proceeding, is regarded as interlocutory and to be reviewed only upon appeal from a final decree in the case. Matter of Christensen Eng. Co., 194 U. S. 458.
>
> * * * * * * *
>
> "But whatever the hardship, the question now before the court is as to the authority of the Circuit Court of Appeals to review judgments in contempt proceedings. In the Circuit Court of Appeals Act, as construed by this court, the jurisdiction of the Circuit Court of Appeals is extended to the right to review judgments entered before final decree in the action out of which the contempt proceedings arose where the order is final and in a proceeding of a criminal nature. Beyond this, the jurisdiction of the court has not been carried, and, in our opinion, no right of review exists in such a case as is shown in the certificate before us, in advance of a final decree in the case in which the order was made."

In *In re* Christensen, 194 U. S. 458, 460, this court said:

> "These authorities show that when an order imposing a fine for violation of an injunction is substantially one to reimburse the party injured by the disobedience although called one in a contempt proceeding, it is to be regarded as merely an interlocutory order, and to be reviewed only on an appeal from the final decree."

In view of these decisions, said judgment, if deemed of a civil nature, is only an interlocutory order or decree and reviewable only on an appeal from such *final* decree as may hereafter be entered herein. Furthermore, on its face, such judgment is not final as the same recites it is made "without prejudice to the right on the part of plaintiff to renew its application hereafter." [R. 98.]

The fact petitioner was entitled to a writ of error and to a review of those portions of said judgment *convicting* petitioner of criminal contempt, did not extend the statutory jurisdiction of the Circuit Court of Appeals in respect to reviewing that portion of the judgment *purging* petitioner of contempt.

In *Ex parte* National Enameling Co., 201 U. S. 156, the Circuit Court entered an interlocutory decree adjudging valid and infringed certain claims of the patent sued on, and adjudging others invalid and dismissing the bill

as to the invalid claims. The defendant appealed and the plaintiff took a cross appeal, which was dismissed by the Circuit Court of Appeals on the ground of want of jurisdiction.

In denying the petition for a writ of mandamus in that case, this court held that the statutes gave the Circuit Court of Appeals jurisdiction to review the interlocutory decree, *in so far as it granted an injunction,* but the same, not being a *final* decree, was not reviewable, before final decree, in respect to those portions adjudging some claims void and dismissing the suit as to such claims.

Obviously, the said authority is controlling in the case at bar. Petitioner's right to a writ of error did not extend the Circuit Court of Appeals' jurisdiction or justify its review of the judgment in so far as it purged petitioner of contempt.

4.

Circuit Court of Appeals Without Jurisdiction to Direct District Court to Make and Enter a Judgment Convicting Petitioner of Criminal Contempt.

In the judgment, made herein by the Circuit Court of Appeals, it is ordered that this cause be "remanded to the said District Court, *with directions to impose such punishment as may seem proper.*" [R. 131.]

Obviously, this is a judgment of conviction of *criminal* contempt and the District Court is directed to enter a similar judgment fixing the *punishment* to be inflicted on petitioner.

In its opinion, the Circuit Court of Appeals apparently viewed the judgment as of a civil nature. It, therefore, referred to section 4 of the act to amend the Judicial Code, approved September 6, 1916, 39 Stat. L. 726, as its justification for not dismissing the respondent's writ of error on the ground that respondent had mistaken his remedy and sued out a writ of error instead of taking an appeal. [R. 125.]

After apparently treating the proceeding as *on appeal* from a *civil* judgment, the Circuit Court of Appeals, as above stated, directed the District Court to enter a *criminal* judgment fixing the *penalty* to be suffered by petitioner.

In view of the above cited authorities, the Circuit Court of Appeals was certainly without jurisdiction to direct the entry of a *criminal* judgment.

5.

Petitioner Not Guilty of Contempt by Reason of Its Sale of Repair Parts for Devices Freed From Monopoly of Patent.

The Circuit Court of Appeals has found petitioner guilty of contempt by reason of its sale of repair parts for use in underreamers sold by it prior to the interlocutory decree herein.

The injunction restrained petitioner from selling parts for a use *"in infringement"* of the patent sued on.

We contend the underreamers, sold by petitioner prior to the interlocutory decree, became freed of the respondent's patent monopoly by reason of such decree awarding him full damages and profits.

This contention is based on a decision rendered by the Circuit Court of Appeals for the Ninth Circuit in the case of Stebler v. Riverside Heights Orange Growers' Association, 214 Fed. 550. In that case it is said:

> "When final judgment is entered against the defendants pursuant to the accounting which has been ordered against them, the plaintiff will receive thereunder full compensation for the use of the machines by the venders of the defendants herein for such period as they are capable of being used, in the same manner and to the same extent as he would have done had he sold the machines himself. This being true, a decree against the defendants for the profits which they received by reason of the sales of the infringing machines, together with whatever damages the plaintiff may have suffered by reason thereof, *must be held to vest the right to the use of the machines in the defendant's vendees free from any further claim by the patentee.*" (Italics ours.)

In the case at bar, such an interlocutory decree, awarding full damages and profits, has been entered. Therefore, such decree vested in

petitioner's venders, the right to use the underreamers, sold by petitioner prior to the decree, free from any further claim by the respondent Wilson.

Having the right to use said underreamers, said vendees had the right to repair the same and buy repair parts therefor.

> "The right of substitution or resupply of an element depends upon the same test. The license granted to a purchaser of a patented combination is to preserve its fitness for use so far as it may be affected by wear or breakage."
>
> Leeds & Catlin Co. v. Victor Talking Machine Co., 232 U. S. 325, 336.

Having such right to buy repair parts, it could not constitute an infringement or contributory infringement for anyone to sell such repair parts for use in such freed underreamers. Therefore, petitioner was not guilty of contributory infringement or infringement in selling repair parts for use in such freed underreamers. That being true, petitioner did not violate the injunction herein and was not guilty of contempt.

This is the view the District Court took in purging petitioner of contempt. In other words, the District Court followed the Stebler decision, *supra,* just as petitioner did when it decided it was acting within its rights when selling such repair parts.

Conclusion.

Upon the case made out in the petition, it is respectfully submitted that the writ of *certiorari*, addressed to the judges of the United States Circuit Court of Appeals for the Ninth Circuit, should be issued as prayed.

Respectfully submitted,

A. V. ANDREWS,

FREDERICK S. LYON,

WILLIAM K. WHITE,

Counsel for Petitioner.

Notice.

To George B. Wilson, Esq., Counsel for Respondent, Elihu C. Wilson:

You will please take notice that on Monday, the 4th day of October, 1920, at 12 o'clock noon, or as soon thereafter as counsel can be heard, the foregoing petition and accompanying brief will be submitted to the Supreme Court of the United States at its usual place of holding its sessions in the capitol at Washington, D. C., for its consideration and action, at which time and place you will please take such action in the premises as you may be advised.

A. V. ANDREWS,
FREDERICK S. LYON,
WILLIAM K. WHITE,
Counsel for Petitioner.

ONER'S

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WM. R. STANSBURY
CLERK

SUPREME COURT

OF THE

UNITED STATES.

OCTOBER TERM, 1921.

Number 132.

Union Tool Company,
Petitioner.

vs

Elihu C. Wilson,
Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE NINTH CIRCUIT.

BRIEF FOR PETITIONER.

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INDEX.

PAGE

Primary Questions Involved..... 4
Statement of Case..... 5
Specification of Fundamental Errors Relied Upon.... 21
Brief of Argument..... 23
I. The Circuit Court of Appeals Was Without Jurisdiction to Review the District Court's Judgment Purging Petitioner of Contempt.... 23
II. The Circuit Court of Appeals Erred in Finding That Petitioner's Sale of "Repair Parts" Constituted an Infringement of Respondent's Patent or Constituted a Violation of the Injunction..... 46
III. The Circuit Court of Appeals Erred in Adjudging That Petitioner Had Deliberately or Wilfully Violated the Injunction or Disregarded the Authority of the Court..... 83
IV. The Writ of Injunction, by Reason of Not Bearing the Teste of the Judge of the District Court, Was Void and of no Effect..... 88
Conclusion 89

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Allis v. Stowell, 16 Fed. 783.
Asbestos Shingle A. & S. Co. v. Johns Manville, 189 Fed. 611.
Barnett v. Brandao, 6 Man. & G. 640.
Bassette v. Conkey, 194 U. S. 324, 48 L. Ed. 997.
Birdsell v. Shaliol, 112 U. S. 485, 5 Sup. Ct. 768, 28 L. Ed. 768.
Birdsell v. Hagerstown Co., 3 Fed. Cas. 450, No. 1,437, 1 Hughes 641.

Bullock Eled. & M. Co. v. Westinghouse E. & M. Co., 129 Fed. 105.

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Commonwealth v. Richardson, 125 S. W. Rep. 147.

Craig v. McCullough, 20 W. Va. 148.

DeLaski & Thropp v. Empire, 239 Fed. 139.

Doyle v. London G. & A. Co., 204 U. S. 599, 51 L. Ed. 641.

Ex parte National Enameling Co., 201 U. S. 156, 50 L. Ed. 707.

Farrar v. Churchill, 135 U. S. 610, 34 L. Ed. 246.

Fisher v. Consolidated Amador Mine, 25 Fed. 201.

Gompers v. Buck's Stove & R. Co., 221 U. S. 418, 55 L. Ed. 797.

Gilbert & Barker M. Co. v. Bussing, 10 Fed. Cas. 348; 12 Blatch 426.

Hobbie v. Jennison, 149 U. S. 355, 37 L. Ed. 766.

Ide v. Ball Engine Co., 31 Fed. 901.

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Kryptok Co. v. Stead Lens Co., 190 Fed. 765.

Kelly v. Ypsilanti Dress Stay Co., 44 Fed. 19.

Kreplik v. Couch Patents Co., 190 Fed. 565.

Leeds & Catlin Co. v. Victor Talking M. Co., 213 U. S. 325, 53 L. Ed. 816.

Marconi W. Tel. Co. v. Kilbourne & Clark M. Co., 235 Fed. 719.

Minerals Separation Ltd. v. Miami Copper Co., 269 Fed. 265.

Morgan v. United States, 169 Fed. 242.

Morgan Envelope Co. v. Albany Co., 152 U. S. 425, 38 L. Ed. 500.

Morgan Sons Co. v. Gibson, 122 Fed. 420.

Nat'l. Cash Reg. Co. v. Boston Co., 41 Fed. 51.

New York Filter Co. v. Schwarzwalder, 58 Fed. 577.

Panoulias v. Nat'l. Equipment Co., 269 Fed. 630.

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Perrigo v. Spalding, 13 Blatch. 389, 19 Fed. Cas. 260, No. 10,994.

Powers v. United States, 119 Fed. 562.
Proudfit L. L. Co. v. Kalamazoo L. L. Co., 230 Fed. 120.
Philadelphia Trust S. D. & Ins. Co. v. Edison E. L. Co., 65 Fed. 551.
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Rumford Chem. Wks. v. Hecker, 50 G. 644.
S. S. Osborn, 105 U. S. 451, 26 L. Ed. 1065.
Sherman Clay Co. v. Searchlight Horn Co., 225 Fed. 497.
Slocomb & Co. v. Layman Co., 227 Fed. 94.
Spalding v. Page, 4 Fish. 621, 22 Fed. Cas. 892, No. 13,219.
Stebler v. Riverside H. O. G. Assn., 211 Fed. 985.
Stebler v. Riverside H. O. G. Assn., 214 Fed. 550, 131 C. C. A. 96, L. R. A. 1915 F. 1101.
Steam Stone Cutter Co. v. Windsor Mfg. Co., 22 Fed. Cas. 1169, No. 13,335, 17 Blatch. 34.
Stutz & Armstrong, 25 Fed. 147.
Third Nat'l. Bank v. Rice, 161 Fed. 822, 88 C. C. A. 64, 23 L. R. A. N. S. 1167.
Tuttle v. Matthews, 28 Fed. 98.
Union Tool Co. v. U. S. A., 262 Fed. 431.
Union Tool Co. v. Wilson & Willard Mfg. Co., 237 Fed. 837.
Union Tool Co. v. Wilson, 249 Fed. 736.
United States v. Home Stake Min. Co., 117 Fed. 481.
United States v. St. Anthony R. R. Co., 192 U. S. 548.
Van Epps v. International Paper Co., 124 Fed. 542.
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Walker on Patents (5th Ed) p. 381.
Waterman Co. v. Standard Drug Co., 202 Fed. 167.
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Wilson v. Union Tool Co., 237 Fed. 847.
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Westinghouse v. Mutual Life Ins. Co., 129 Fed. 213.

IN THE

SUPREME COURT

OF THE

UNITED STATES.

OCTOBER TERM, 1921.

Number 132.

Union Tool Company,
Petitioner,

vs

Elihu C. Wilson,
Respondent.

Certiorari to the Circuit Court of Appeals for the Ninth Circuit.

BRIEF FOR PETITIONER.

This case comes before this court on writ of certiorari addressed to the United States Circuit Court of Appeals for the Ninth Circuit for the purpose of enabling this court to review that court's judgment reversing a judgment, of the

District Court for the Southern District of California, *purging* petitioner of contempt of court in respect to the alleged violation of a writ of injunction issued by the District Court and enjoining petitioner from infringing respondent's letters patent. The judgment of the Circuit Court of Appeals remands this case to the District Court "with directions to impose *such punishment* as may seem proper."

PRIMARY QUESTIONS INVOLVED.

Three fundamental propositions are primarily relied upon by petitioner. They are:

First: That the Circuit Court of Appeals had no jurisdiction to review or reverse this judgment purging petitioner of contempt.

Second: That the District Court was right and the Circuit Court of Appeals was wrong upon the question of whether the furnishing of *"repair parts"* by the petitioner constituted a violation of the injunction, and therefore, was an act in contempt of the court's authority.

Third: That in any event the finding of fact of the District Court that petitioner acted in good faith is conclusive against *criminal* contempt,—and this is fortified by the fact that the recognized rule of law of the District and of the Circuit clearly justified petitioner in the belief that it was not violating the injunction.

STATEMENT OF CASE.

Petitioner is a manufacturer of oil well equipment which includes devices for drilling or boring oil wells. In the standard method of drilling there is employed a heavy bit which is lowered into the well through a casing and, when below the casing, is alternately raised and dropped. The bit, being of smaller diameter than the casing, cuts a hole of less diameter than the outside diameter of the casing. Therefore, to further lower the casing in the well, it is necessary to increase the diameter of the hole cut by the bit.

The enlargement of the hole, cut by the bit, is accomplished by a device, called an *underreamer*, which reams out the hole under the lower end of the casing.

This underreamer embraces a body portion having mounted therein, at the lower end, two bits or cutters adapted to be collapsed together, when passed through the well casing, and to be expanded after leaving the lower end of the casing. With the cutters in expanded position, the underreamer can then be reciprocated up and down to increase the diameter of the well bore and thus permit a further lowering of the well casing therein.

Petitioner made and sold a number of types of underreamers which were all covered by its

own letters patent No. 734,833 issued in 1903 to Edward Double. The broadly novel features and value of this Double underreamer are indicated by the following remarks of the District Court for the Southern District of California in a case brought by petitioner against Wilson & Willard Mfg. Co., for the infringement of said Double patent, by the manufacture and sale of the Wilson underreamer covered by respondent's patent involved herein and hereinafter referred to as the Wilson patent. That court said:

> "It is clear that much of the credit for this great accomplishment is unquestionably due to the Double underreamer. It almost at once took the lead in the oil well tool trade over all former reamers."
>
> Union Tool Company v. Wilson & Willard Mfg. Co., 237 Fed. Rep. 837.

Subsequently, petitioner's underreamers, designated by it as Double Improved and Types D and E, were slightly modified by increasing the width of the *inthrust bearing* on the underreamer body and thus providing a slightly more extensive surface thereon against which the cutters would bear or would be thrust.

Thereafter, respondent herein charged that said types, Double Improved, and Types D and E, infringed the Wilson patent No. 827,595, issued to him in the year *1906*, or about three

years after the issuance of the Double patent and, on this later patent, respondent filed an infringement suit against petitioner.

Petitioner later made an underreamer designated as type F and,—charging this also to infringe his said patent,—respondent filed a second infringement suit against petitioner.

Respondent's said two suits against petitioner were consolidated in the District Court and designated as suit No. A4-B62 Consolidated. This suit was decided in favor of the respondent. The District Court has specifically found the infringement consists in this *widening* of such *inthrust bearing*, in the Double underreamer.

> "It consists in the widening of the inthrust bearing so that it extends beyond the outer diameter of the recess or pocket." [R. 92.]

In this consolidated suit, claims 2, 4, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 and 19 of respondent's patent were charged to be infringed. Said claims 16 and 17 covered only the cutters as independent devices, whether used or not used with the remaining parts of the Wilson underreamer. Said claims 9 and 19 of the Wilson patent respectively covered the complete underreamer comprising both the underreamer body and the two cutters mounted therein.

Adjudging all these claims valid, the District Court found *only* claims 9 and 19 infringed by the Double underreamer of the various types above specified. As stated before, the infringement was found to reside solely in the *widening* of the "inthrust bearing" *theretofore present* in the Double underreamer.

Wilson v. Union Tool Company, 237 Fed. 847.

In the case of petitioner against the Wilson & Willard Mfg. Co., for the infringement of the Double patent of 1903 by the Wilson underreamer, covered by the Wilson patent of 1906, the Circuit Court of Appeals reversed the District Court's finding of infringement on the ground that the Double patent *claims* were not of a scope sufficient to include, in their range of equivalents, the Wilson underreamer.

Wilson & Willard Mfg. Co. v. Union Tool Company, 249 Fed. 729.

In this suit in equity by respondent against petitioner (Case A4-B62 consolidated), for the infringement of the Wilson patent by the Double underreamer *plus* the widened inthrust bearing therein, the Circuit Court of Appeals affirmed the District Court's finding of infringement of claims 9 and 19 of the Wilson patent.

Union Tool Co. v. Wilson, 249 Fed. 736.

The interlocutory decree, in Case A4-B62, appears at pages 6 to 14 of the record herein and paragraph VI of said decree provides:

> "That complainant recover of the defendant the profits, gains and advantages which said defendant has derived, received, realized or made by reason of said infringement by defendant; and that complainant recover of said defendant any and all damages which complainant has sustained or shall sustain by reason of said infringement by defendant." [R. 12.]

Subsequent to the affirmance thereof by the Circuit Court of Appeals, there was issued, in said Case, A4-B62, a writ of injunction thereafter served on petitioner. [R. 14-16.] By the terms of said writ of injunction, petitioner was enjoined from directly or indirectly making, using or selling Double underreamers, of the types above specified, and from making, using or selling any parts therefor *"in infringement"* of the Wilson patent.

Thereafter, Elihu C. Wilson, complainant in said case, A4-B62, and respondent herein, filed therein, in the District Court, a motion for an order adjudging petitioner and certain of its officers, guilty of contempt by reason of their alleged violation of said writ of injunction. [R. 17-18.] The said motion was supported by a number of affidavits [R. 20-54] and, upon the filing of the motion, the District Court made

an order requiring petitioner to appear and show cause why petitioner should not be adjudged in contempt.

Prior to the hearing on the order to show cause and as a part of said contempt proceedings, petitioner and respondent entered into a "stipulation as to facts" [R. 56-58] wherein it was stipulated that petitioner, subsequent to the service of the writ of injunction, had made and sold two types of underreamers, respectively designated as "Pocket Type" and "U-Type" and which types *had not* been mentioned either in the interlocutory decree or in the writ of injunction. The stipulation also set forth that, subsequent to the service of the writ of injunction, petitioner had made and sold certain *"repair parts"* for *use* in underreamers of the respective types mentioned in the interlocutory decree and in the writ of injunction and which underreamers had been sold by petitioner to dealers and users prior to the service of the writ of injunction.

Upon the hearing of said order to show cause, it appeared there were two separate and distinct issues to be determined, to wit:

1. The issue as to whether or not said "Pocket" and "U" types infringed the Wilson patent and, as a consequence thereof, whether or not the manufacture and sale thereof by petitioner constituted a violation of the injunction.

2. The issue as to whether or not the injunction had been violated by petitioner's sale of said *"repair parts"* for use in the types of underreamers sold by it prior to the service of the injunction and which types of underreamers were specified in the writ of injunction.

In respect to the first issue, the District Court overruled petitioner's contention that said "Pocket" and "U" types did not embrace the *"widened inthrust bearing,"* understood by petitioner to have been referred to by the District Court in its original opinion on final hearing of the cause, and, therefore, on said first issue, petitioner was adjudged to have violated the injunction.

Although the District Court expressly found petitioner was *"not acting in bad faith,"* in respect to the sale of said "Pocket" and "U" types [R. 88], nevertheless that court, by reason of the sale of said types, made and entered a decree ordering petitioner to pay to the clerk of the court a fine of five thousand dollars and providing that one-half of said amount be paid by the clerk to respondent *"as a reasonable portion of the expenses incurred"* by the respondent in said proceedings. [R. 94-99.]

In respect to the *other separate and distinct issue*, raised in said contempt proceedings and involving petitioner's sale of *"repair parts,"* petitioner contended:

a. That the manufacture and sale of said repair parts was not an infringement of the Wilson patent and, therefore, not prohibited by the injunction, for the reason that the only Wilson patent claims, in respect to which the injunction was ordered, were claims 9 and 19, respectively covering complete combinations constituting complete underreamers, and that the only Wilson patent claims, respectively covering the separate parts of the Wilson underreamer, had been adjudged *not* infringed by said Double underreamers.

b. That in respect to the infringing Double underreamers, sold by petitioner *prior* to the issuance of the injunction, the interlocutory decree decreed that respondent recover and ordered an accounting of the profits due to the use of the infringement and realized by petitioner, and of the damages suffered by respondent by reason of such sale and manufacture thereof, and the said decree awarded said profits and damages to respondent with the result that respondent would receive full and complete compensation for such infringing manufacture and sale of said underreamers.

Wherever in this brief reference is made to full compensation, profits or damages, to respondent on account of the infringement, it is to be understood that these items are confined

to that minor feature of the Wilson patent held to have been infringed by petitioner and to refer to such compensation, profits or damages as are legally contributable to such infringement and recoverable.

c. That, by reason of respondent's said recovery of all such profits and damages so arising out of such manufacture and sale of said underreamers, the purchasers and the users thereof became vested, by law, with an implied license to use said underreamers and to repair the same; or, in other words, by reason of respondent's said recovery of full and complete compensation, the said underreamers became freed of the Wilson patent monopoly.

d. That respondent, *having elected* as his *remedy* to recover all profits and all damages arising because of the use of this infringing widened bearing, cannot be heard to enforce against the petitioner herein the *inconsistent additional remedy* pending accounting, of enjoining the use of the very underreamers upon which profits and damages have been awarded, or to effectually prevent such use (notwithstanding the recovery of said profits and damages based upon such use) by preventing the furnishing of "repair parts." *This is under the equitable doctrine of election of inconsistent remedies.*

e. That, therefore, the manufacture and sale of *"repair parts,"* for use in said underreamers, so impliedly licensed in law and thus freed of the Wilson patent monopoly, could not constitute an infringement of the Wilson patent.

The foregoing contentions were based in part on the decision of the Circuit Court of Appeals for the Ninth Circuit in the case of Stebler v. Riverside Heights, 214 Fed. 550, wherein that Court said:

> "When final judgment is entered against the defendants pursuant to the accounting which has been ordered against them, the plaintiff will receive thereunder full compensation for the use of the machines by the vendees of the defendants herein for such period as they are capable of being used, in the same manner and to the same extent as he would have done had he sold the machines himself. This being true, a decree against the defendants for the profits which they received by reason of the sales of the infringing machines, together with whatever damages the plaintiff may have suffered by reason thereof, must be held to vest the right to the use of the machines in the defendant's vendees free from any further claim by the patentee."

This decision was upon an appeal from a decision in the Southern District of California (at Los Angeles), the same district wherein this suit A-4—B-62 is pending and wherein this

contempt proceeding was heard. (See 211 Fed. 985.) This was the established rule of law both of the *District* and of the *Circuit*.

Defendant acted upon this settled rule of law. The District Court purged defendant of contempt in so following such rule of law.

In sustaining petitioners said contentions in opposition to respondent's motion in said contempt proceedings, the District Court said:

> "The law, as I read it, and the reason of the thing, as it appeals to me, seems to be that when the plaintiff, in pursuance of his proper rights shall have received from somebody—it makes no difference who the unfortunate individual is—all of the profits and all of the damages that shall have inured to him because of the trespass upon his rights, in virtue of an infringement of his patent, why, then he has no further cause for complaint and having done that, he may not go out in the street or upon one's property and take away from him an infringed device merely because it has been, or is, or was, or continues to be, an infringement of his patent. In other words, if he is the beneficiary of all the relief that is usually accorded to one whose rights are violated in a court of law, why, then he has no further claim or complaint to make; and the person or user who is the possessor of such an infringing device thereafter retains and is entitled to exercise proprietary ownership of and over the device, with all of the incidents thereto, it being freed in his hands to the same extent as if he himself had purchased it from

> one who was a due and regular licensee. And if he is the owner of it and entitled to the beneficial use of it, he is entitled, when a portion of it wears out, to go into the market where best he may, and buy another portion to replace that * * * Now, if he possesses the right to do that, then this court may not directly or indirectly lay its staying hand upon him and say that he may have the form of the thing but is denied the substance; may not say that he has the right to use, but he shall never be permitted the opportunity to use, because the court will not permit him to buy any of the articles of repair that are necessary for its practical use. And the court, in effect, would be enjoining him from buying, if it enjoined someone else from selling it to him. I do not see any escape from that conclusion. It would be enjoining the sale to him, if it punished by contempt the sale to him." [R. 75-77.]

By reason of its said views, the district court *purged* petitioner of contempt in respect to the sale of said repair parts. The district court's decree, so purging petitioner of contempt, and the district court's decree, adjudging petitioner guilty of contempt, in respect to its sale of the "Pocket" and "U" types of underreamers, although separate and distinct orders and decrees in respect to two separate and distinct matters, were, nevertheless, combined together in the same paper. However, the decree, *purging petitioner of contempt,* was set forth in a dis-

tinct and separate paragraph and reads as follows:

"III

"That the defendant, Union Tool Company, has since the issuance and service of the said injunction offered for sale and sold extra, spare and repair parts and elements for, and to be used with, its devices sold prior to the issuance and service of said injunction, but it is purged of contempt in that particular behalf, without prejudice to the right on the part of the plaintiff to renew its application hereafter." [R. 97-98.]

Petitioner sued out a writ of error to the Circuit Court of Appeals for the Ninth Circuit from said decree adjudging petitioner guilty of contempt, by reason of its sale of the "Pocket" and "U" types, and ordering petitioner to pay a fine of five thousand dollars.

On said writ of error, the Circuit Court of Appeals *declined to review* the District Court's finding of infringement in respect to the "Pocket" and "U" types of underreamers but did *reverse* the District Court's decree, in respect to the punitive portion thereof, and *affirmed* the same, in respect to the remedial portion thereof providing for the payment to respondent of twenty-five hundred dollars.

The reversal of the punitive portion of the decree was based on the District Court's find-

ing that petitioner had not acted in bad faith and had not willfully violated the injunction.

Union Tool Company v. United States, 262 Fed. 431.

The decision, of the Circuit Court of Appeals on petitioner's said writ of error, was rendered on January 5, 1920. It is to be noted and emphasized that, in the proceedings had on petitioner's said writ of error, there was *not* involved the issue relating to petitioner's sale of repair parts and, in respect to which issue, the District Court had *purged* petitioner of contempt.

By way of a separate and independent proceeding, respondent sued out a writ of error from the decree purging petitioner of contempt in respect to the sale of said repair parts. [R. 1-3.]

Petitioner filed a motion to dismiss respondent's said writ of error [R. 122-124] and the said motion and the cause, on its merits, were argued and submitted to the Circuit Court of Appeals on January 8, 1920, [R. 121]. Prior to this date, the Circuit Court of Appeals had rendered its decision on petitioner's said writ of error and it is to be noted and emphasized that the respective proceedings had on these two writs of error were entirely separate and distinct.

On May 17, 1920, the Circuit Court of Appeals rendered a decision denying petitioner's motion to dismiss respondent's writ of error and reversing the District Court's decree purging petitioner of contempt in respect to petitioner's sale of said repair parts for use in the underreamers so contended, by petitioner, to be freed of the Wilson patent monopoly.

The said decision appears in the record at page 135 and is reported in 265 Fed. 669. In accordance with this decision, the Circuit Court of Appeals made and entered the following judgment:

> "On consideration whereof, it is now here ordered and adjudged by this court, that the said motion to dismiss the writ of error in this cause be, and hereby is denied, and that the judgment of the said District Court in this cause be, and hereby is reversed, with costs in favor of the plaintiff and against the defendant in error, and that this cause be, and hereby is remanded to the said District Court, WITH DIRECTIONS TO IMPOSE SUCH PUNISHMENT AS MAY SEEM PROPER."

Thereafter, petitioner filed, in the Circuit Court of Appeals, a petition for rehearing and this was denied on August 2, 1920. [R. 136.] On August 26, 1920, petitioner filed, in this court, its petition for a writ of certiorari, which was granted on October 18, 1920.

It thus appears that the judgment, to be reviewed by this Honorable Court, is that entered by the Circuit Court of Appeals for the Ninth Circuit on May 17, 1920, which judgment reverses the District Court's judgment *purging* petitioner of contempt, in respect to its sale of repair parts, and directs the District Court *"to impose such punishment as may seem proper."*

The review of said judgment involves a consideration of two broad propositions of general public importance:

FIRST: *When, if at all, has a Circuit Court of Appeals jurisdiction to review a judgment of acquittal by a District Court in a contempt proceeding?*

SECOND: Where a patentee has sued a manufacturer for infringement of one patent by adding a minor feature of such patent to a different device made under an older patent,—and has *elected* as his remedy to obtain full recovery of all damages and profits resulting from such infringement and has actually obtained an interlocutory decree awarding all such damages and profits and has proceeded to an accounting thereof, *by way of full and complete remedy for such wrongful use of the said feature of his patent,*—while such accounting is pending, will the supplying of "repair parts," by the manufacturer constitute a *new infringement,* and thus

prevent the use of the very machines upon the sale of which the infringer is so adjudged to pay such full compensation?

Are not these remedies inconsistent?

Since in this case the ability of the infringer to respond is specifically assumed by the District Court and not controverted, and since the "repair parts" *are not such as respondent could supply*,—will equity permit respondent,—after full *election* of his *complete* remedy,—to resort to a wholly inconsistent remedy and thus obtain pay for a value which he is permitted to substantially destroy?

Upon this second proposition the decision of various Circuit Courts of Appeal are in conflict. Indeed there is a conflict between two decisions of the Circuit Court of Appeals for the *Ninth Circuit*. Therefore it is of *general and public importance* that this court pass upon this proposition and settle the law thus in doubt.

All italics herein may be deemed ours.

Specification of Fundamental Errors Relied Upon.

First: The Circuit Court of Appeals was without jurisdiction to review and erred in reviewing the District Court's judgment, purging petitioner of contempt, because:

1. The jurisdiction of the Circuit Court of Appeals is strictly statutory and limited to the

cases specifically and expressly covered by statute.

2. The manner, in which the instant contempt proceeding was instituted and prosecuted throughout all the stages thereof, brands that proceeding as *civil* in nature, and no statute gives the Circuit Court of Appeals jurisdiction to review a judgment of *civil contempt*, except on appeal after *final decree* entered in the cause wherein the contempt judgment was made.

3. The contempt proceeding being civil in nature, only remedial relief was proper and the Circuit Court of Appeals erred in directing the District Court to enter a judgment imposing *"such punishment as may seem proper,"* or, in other words, to enter a criminal judgment.

4. The Circuit Court of Appeals could not acquire jurisdiction of the proceedings on respondent's writ of error by reason of the writ of error previously sued out by petitioner or by reason of any proceedings had thereon.

5. The Circuit Court of Appeals had no jurisdiction to review or reverse a judgment of *acquittal* of *criminal* contempt.

Second: The Circuit Court of Appeals erred in finding that petitioner's sale of "repair parts" constituted an infringement of respondent's patent or constituted a violation of the injunction.

Third: The Circuit Court of Appeals erred in adjudging that petitioner had deliberately or willfully violated the injunction or disregarded the authority of the court.

Fourth: The Circuit Court of Appeals, upon respondent's writ of error, was bound by the District Court's findings of fact and erred in setting aside said findings that petitioner had *not* deliberately or willfully disregarded the authority of the court.

Fifth: The writ of injunction was void and a nullity because it was not issued as required by statute, *i. e.*, not bearing the teste of the judge of the District Court.

BRIEF OF ARGUMENT.

I.

The Circuit Court of Appeals Was Without Jurisdiction to Review the District Court's Judgment Purging Petitioner of Contempt.

1. THE JURISDICTION OF THE CIRCUIT COURT OF APPEALS IS STRICTLY STATUTORY AND LIMITED TO CASES SPECIFICALLY AND EXPRESSLY COVERED BY STATUTE.

The jurisdiction of the Circuit Court of Appeals is defined and limited by statute and it has no jurisdiction over cases not specified in

the statutes. Section 128 of the Judicial Code (as amended by the Act of January 28, 1915) provides:

> "The Circuit Courts of Appeals shall exercise appellate jurisdiction to review by appeal or writ of error *final* decisions in the District Courts * * * in all cases other than those in which appeals and writs of error may be taken direct to the Supreme Court, * * *."

This statute grants jurisdiction to Circuit Court of Appeals only for the review of *"final* decisions." There has been no *"final"* decree entered in the cause at bar. Only an *interlocutory* decree has been entered herein and the accounting, ordered therein, is now being had before a special master in chancery.

Section 129 of the Judicial Code provides for appeals from interlocutory orders and decrees "granting, continuing, refusing, dissolving, or refusing to dissolve, an injunction, or appointing a receiver" but contains no provision for an appeal from an interlocutory decree or order in a contempt proceeding.

Section 23 of the Act of October 15, 1914, (Clayton Act), in reference to a review in contempt proceedings, provides:

> "That the evidence taken upon the trial of any person so accused may be preserved by bill of exceptions, and any judgment

of *conviction* may be reviewed upon writ of error * * *."

According to this statute, the jurisdiction of the Circuit Court of Appeals *is limited* to a review of judgments of *conviction*. It confers no jurisdiction to review a judgment *purging of contempt*. That is an acquittal.

We know of no other statutes under which the Circuit Court of Appeals could assume jurisdiction to review contempt proceedings.

Under section 128 of the Judicial Code, the Circuit Court of Appeals was without jurisdiction to review the District Court's interlocutory decree *purging* petitioner of contempt because said decree was not *final* and no final decree has been entered herein. Also, under the Clayton Act, the Circuit Court of Appeals was without jurisdiction to review said judgment of *acquittal* because said act grants to that court only the right to review judgments of *conviction*.

2. THE MANNER, IN WHICH THE CONTEMPT PROCEEDINGS HEREIN WERE INSTITUTED AND PROSECUTED THROUGHOUT ALL THE STAGES THEREOF, BRANDS THOSE PROCEEDINGS AS CIVIL IN NATURE AND NO STATUTE GRANTS THE CIRCUIT COURT OF APPEALS JURISDICTION TO REVIEW A JUDGMENT OF CIVIL CONTEMPT, EXCEPT ON APPEAL AFTER FINAL DECREE ENTERED IN THE CAUSE WHEREIN THE CONTEMPT JUDGMENT WAS RENDERED.

Contempt proceedings, instituted to preserve the power and vindicate the dignity of the courts by punishing those disregarding the same, are *criminal* in nature, and, therefore, the Government and people are interested in prosecuting such *criminal* contempt proceedings.

Contempt proceedings, instituted by parties to suits for the purpose of protecting a private right or enforcing a private remedy, are *civil* in nature, and, therefore, only the parties, concerned with such a right or remedy, are interested in prosecuting such *civil* contempt proceedings.

In the instant case, the Government and people have never appeared. The contempt proceedings were *instituted* and *prosecuted solely by the respondent.*

The *respondent* made a "stipulation of facts" herein [R. 56-58] and, at all times, *respondent*

has conducted the proceedings solely in his own name and on his own behalf and not as a representative of or on behalf of the United States. The initial motion, in these contempt proceedings, was entitled: "Elihu C. Wilson, complainant v. Union Tool Company, defendant" [R. 17], and was *not* entitled: "United States of America v. Union Tool Company" or "In re Union Tool Company" as would have been necessary and in accordance with law, if said proceedings had been for criminal contempt. In other words, the contempt proceedings herein were instituted, entitled, tried and treated as a part of the original cause in equity, No. A4-B62. By reason thereof, said proceedings must be deemed and are proceedings in *civil* contempt instituted as a part of said equity cause No. A4-B62. In reference to a similar state of facts, this court, in the case of Gompers v. Buck's Stove and R. Co., 221 U. S. 418, 55 L. Ed. 797, said:

> "We find nothing in the record indicating that this was a proceeding with the court, or more properly the Government, on one side and the defendants on the other. On the contrary, the contempt proceedings were instituted, entitled, tried, and, up to the moment of sentence, treated as a part of the original cause in equity. The Buck's Stove & Range Company was not only the nominal, but the actual, party on the one side, with the defendants on the other.

The Buck's Stove Company acted throughout as complainant in charge of the litigation. As such and through its counsel, acting in its name, it made consents, waivers, and stipulations only proper on the theory that it was proceeding in its own right in an equity cause, and not as a representative of the United States, prosecuting a case of criminal contempt. It appears here also as the sole party in opposition to the defendants; and its counsel, in its name, have filed briefs and made arguments in this court in favoring affirmance of the judgment of the court below.

"But, as the court of appeals distinctly held that this was not a part of the equity cause, it will be proper to set out in some detail the facts on this subject as they appear in the record.

"In the first place the petition was not entitled 'United States v. Samuel Gompers *et al.*' or 'In re Samuel Gompers *et al.*' as would have been proper, and, according to some decisions, necessary, if the proceedings had been at law for criminal contempt. This is not a mere matter of form, for manifestly every citizen, however unlearned in the law, by mere inspection of the papers in contempt proceedings ought to be able to see whether it was instituted for private litigation or for public prosecution, whether it sought to benefit the complainant or vindicate the court's authority. He should not be left in doubt as to whether relief or punishment was the object in view. He is not only entitled to be informed of the nature of the charge against him, but to know that it is a charge and not a suit. United States v. Cruickshank, 92 U. S. 542, 559, 23 L. Ed. 588, 593."

In view of this decision, it is evident that the contempt proceedings, in the case at bar, must be deemed *civil* in nature and merely a part of respondent's cause in equity, No. A4-B62. Therefore, the District Court's decree, in said civil proceedings, was merely an *interlocutory* decree purging petitioner of contempt.

The proceedings in the Circuit Court of Appeals on respondent's writ of error must be construed to be civil because those proceedings were entitled in an equity case and were prosecuted solely by respondent. We hereafter submit that an acquittal in criminal contempt is not reviewable; but in any event a criminal judgment could only be reviewed at the instance of the Government.

THE CIRCUIT COURT OF APPEALS HAD NO JURISDICTION TO REVIEW THE INTERLOCUTORY DECREE PURGING PETITIONER OF CONTEMPT EXCEPT ON AN APPEAL FROM A FINAL DECREE IN THE EQUITY CAUSE AND NO FINAL DECREE HAS BEEN MADE THEREIN.

As said by this court, in "Re Christensen," 194 U. S. 458:

> "These authorities show that when an order imposing a fine for violation of an injunction is substantially one to reimburse the party injured by the disobedience, although called one in a contempt proceeding,

> it is to be regarded as merely an interlocutory order, and to be reviewed only on appeal from the final decree."

No final decree has been made in the suit at bar and the cause is now before the master on the accounting. It is evident, therefore, the Circuit Court of Appeals was without jurisdiction to review said interlocutory contempt decree purging petitioner of contempt and can only review it on an appeal from a final decree if such an appeal is hereafter taken. In the case of Doyle v. London Guarantee & Accident Co., Ltd., 204 U. S. 599, this court said:

> "But, whatever the hardship, the question now before the court is as to the authority of the circuit court of appeals to review judgments in contempt proceedings. In the circuit court of appeals act, as construed by this court, the jurisdiction of the circuit court of appeals is extended to the right to review judgments entered before final decree in the action out of which the contempt proceedings arose where the order is final and in a proceeding of a criminal nature. Beyond this the jurisdiction of the court has not been carried, and, in our opinion, no right of review exists in such a case as is shown in the certificate before us, in advance of a final decree in the case in which the order was made."

In view of this decision, we respectfully submit the Circuit Court of Appeals erred in assuming jurisdiction to review said interlocutory decree purging petitioner of contempt.

3. THE CONTEMPT PROCEEDINGS BEING CIVIL IN NATURE, ONLY REMEDIAL RELIEF WAS PROPER AND THE CIRCUIT COURT OF APPEALS ERRED IN DIRECTING THE DISTRICT COURT TO ENTER A JUDGMENT IMPOSING "SUCH PUNISHMENT AS MAY SEEM PROPER," OR, IN OTHER WORDS, TO ENTER A CRIMINAL JUDGMENT.

It is to be noted that the Circuit Court of Appeals, in reversing the District Court's decision, entered a judgment directing the District Court *"to impose such punishment as may seem proper."*

Obviously, the infliction of *"punishment"* and the grant of *"remedial relief,"* by reason of the violation of an injunction, are two very different things. *"Punishment"* is imposed for the purpose of vindicating the dignity and authority of the court, with the public on one side and the defendant on the other; and a judgment, imposing "punishment," can only be entered in a *criminal* contempt proceeding. *"Remedial relief"* is granted for the benefit of the private party whose rights are injured by the violation of the injunction and a civil judgment, granting such relief, is entered in a civil contempt proceeding, forming a part of the main equity cause in which the injunction was issued.

Therefore, the Circuit Court of Appeals erred in directing the District Court to enter a *crimi-*

nal judgment herein imposing on petitioner "*such punishment as may seem proper,*" notwithstanding the *civil* nature of the contempt proceedings. In Gompers v. Buck's Stove & Range Co., *supra*, this precise point was passed on by this court which set aside the judgment, imposing "punishment," because the contempt proceeding was civil in nature and only remedial relief was proper. As said therein by this court:

> "There was therefore a departure—a variance—between the procedure adopted and the punishment imposed, when, in answer to a prayer for remedial relief, in the equity cause, the court imposed a punitive sentence appropriate only to a proceeding at law for criminal contempt. The result was as fundamentally erroneous as if in an action of 'A. vs. B. for assault and battery,' the judgment entered had been that the defendant be confined in prison for twelve months. * * *
>
> "But, as we have shown, this was a proceeding in equity for civil contempt where the only remedial relief possible was a fine payable to the complainant."

In view of this authority, we respectfully submit the Circuit Court of Appeals erred in directing the District Court to impose, on petitioner, "such punishment as may seem proper."

So far as concerns "remedial relief," the respondent was awarded full and complete relief of that nature by the judgment awarding to respondent the sum of twenty-five hundred dol-

lars "as a reasonable portion of the expenses incurred by the complainant in the instant proceedings." [R. 98.] Furthermore, in the accounting now proceeding in the main equity cause, the respondent will recover all damages and profits arising out of any infringement of his letters patent. Therefore, there is no further or additional *remedial* relief to which the respondent is or could be entitled.

4. Respondent is met by this dilemma: The contempt proceeding wherein the District Court purged the petitioner of the charge of contempt here in question was either (1)—a proceeding for *civil* contempt, as it purported to be, or (2)—for *criminal* contempt. If it was for *civil* contempt, then it was part and parcel of the equity case and not the subject of review before final judgment. This we have discussed.

If it was for *criminal* contempt, then no jurisdiction is conferred upon the Circuit Court of Appeals, because the judgment was not one of *"conviction"* but of *acquittal.* In any event there was no record upon which a finding of "bad faith" or "wilfulness" or "contumacious conduct" could be based. Indeed the District Court holds to the contrary and finds also that petitioner was acting within the express language of the well known case of Stebler v. Riverside Heights Orange Growers Association, 214 Fed.

550,—which was the recognized authority in that District and Circuit.

5. THE CIRCUIT COURT OF APPEALS COULD NOT ACQUIRE JURISDICTION OF THE PROCEEDINGS ON RESPONDENT'S WRIT OF ERROR BY REASON OF THE WRIT OF ERROR PREVIOUSLY SUED OUT BY PETITIONER OR BY REASON OF ANY PROCEEDINGS HAD THEREON.

In moving to dismiss respondent's writ of error, in the Circuit Court of Appeals, petitioner, as one of the grounds warranting a dismissal, pointed out that the writ was not supported by any bill of exceptions.

In its opinion, denying the motion to dismiss and reversing the District Court's judgment, the Circuit Court of Appeals met this proposition by treating the writ of error as an "*appeal,*" under the authority of section 4 of the act to amend the Judicial Code, approved September 6, 1916, 39 Stat. L. 726.

In its said opinion, respondent's said writ of error is termed a "cross-writ." We respectfully submit such a designation thereof finds no warrant either in fact or law. The proceedings had thereon and the record in support thereof were entirely separate and distinct from the proceedings had on petitioner's writ of error previously sued out and previously heard and decided

by the Circuit Court of Appeals on its own separate and distinct record.

We know of no provision, in law, for a "cross-writ." The review, had on one writ of error, is a proceeding separate and distinct from a review had on another writ of error. In order to obtain such a review on one writ of error, all the provisions of the law must be complied with and any defect, resulting from the failure to comply with such provisions, cannot be cured by recourse to the steps taken by the opposing party in support of his own independent writ of error.

Probably, the Circuit Court of Appeals, in so designating respondent's writ a "cross-writ," had in mind a "cross-appeal" because it apparently treated such writ of error as an "appeal." Although an appeal by one party is, for convenience, sometimes spoken of as a "cross-appeal" when the opposing party has also taken an appeal, nevertheless this court has determined that each such appeal, in the same cause, must be founded on a proper jurisdictional basis and taken within the time allowed by law. In this regard, one appeal gains no benefit from the other appeal. When two such appeals can be and are properly perfected under the law, they are, for convenience and economy, sometimes heard on the same record except as to the re-

spective steps taken in perfecting each such appeal.

However, it is well established that jurisdiction, to hear one appeal, is not acquired by reason of the court's jurisdiction to hear another appeal in the same cause.

In denying petitioner's motion to dismiss respondent's writ of error,—so treated as an *"appeal,"*—the Circuit Court of Appeals failed to apply the well-established rule that a *civil* contempt judgment, entered in an equity suit, cannot be reviewed except upon the appeal from the *"final"* decree in the cause.

Its failure to apply this rule was based, no doubt, on a theory that, by reason of petitioner's writ of error, previously sued out and previously determined by the court, the whole matter could be reviewed on respondent's writ of error, treated as an "appeal." As indicating such a theory, the Circuit Court of Appeals said:

> "But as both punitive and remedial phases were before the District Court and both were considered, both may be reviewed upon a writ of error. Proudfit L. L. Co. v. Kalamazoo L. L. Co., 230 Fed. 120; Kreplik v. Couch Patents Co., 190 Fed. 565." [Rec. 129.]

It is respectfully submitted that the cases, so cited by that court, are not in point. In each of said cases, both a punitive and a remedial contempt judgment had been made holding the

defendant in contempt. From such judgment, *both criminal and civil in nature* the *defendant* sued out a writ of error. On such single writ of error, sued out by the convicted defendant, the Circuit Court of Appeals held that it had jurisdiction to review both the criminal and civil phases of the contempt proceeding.

It is thus apparent that said Proudfit and Kreplik cases are *not* authority on the point under discussion herein. They both relate to the jurisdiction of the Circuit Court of Appeals on a writ of error sued out by the defendant from a judgment, both criminal and civil in nature. Having undoubted jurisdiction, under the Clayton Act, to review such a criminal judgment of *conviction* on a writ of error, the Circuit Court of Appeals, in said cases, merely held they were respectively entitled to review the *civil* aspects of the same judgment of conviction of criminal contempt.

In the case at bar, we are not concerned with the extent of the jurisdiction of the Circuit Court of Appeals to review, on petitioner's *prior* writ of error, the District Court's judgment convicting petitioner of both criminal and civil contempt, which judgment, in respect to the criminal aspects thereof, had been set aside by the Circuit Court of Appeals, (262 Fed. 431), *prior* to the hearing on respondent's writ of

error from the interlocutory decree purging petitioner of contempt.

The question, involved in the case at bar, relates solely to the jurisdiction of a Circuit Court of Appeals to review an interlocutory decree, purging a defendant of contempt, on a separate and independent writ of error sued out by the complainant prior to the entry of any final decree in the cause.

Furthermore, the jurisdiction of the Circuit Court of Appeals, on respondent's writ of error, was not extended or affected by reason of the prior writ of error sued out by petitioner. Treating respondent's writ of error as an appeal, as did the Circuit Court of Appeals, the decision of this court in *Ex parte* National Enameling Co., 201 U. S. 156, 50 L. Ed. 707, is an authority to the effect that such an appeal, in respect to whether or not it was properly taken and can be entertained by the higher court, must rest on its own foundation and the propriety thereof is not affected or fortified by the pendency of any other appeal or writ of any final decree in the cause.

In *Ex parte* National Enameling Co., *supra*, the District Court entered an interlocutory decree adjudging valid and infringed certain claims of a patent sued on, and adjudged other claims invalid and dismissed the bill as to the

invalid claims. The defendant appealed and the plaintiff took a cross appeal. The *cross* appeal was dismissed by the Circuit Court of Appeals on the ground of want of jurisdiction, notwithstanding that the Circuit Court of Appeals had and did exercise jurisdiction on the appeal taken by defendant in the case.

In denying a petition for a writ of mandamus in that case, this court held that the statutes gave the Circuit Court of Appeals jurisdiction to review the interlocutory decree, in so far as it granted an injunction, but, as the interlocutory decree was not a final decree, those portions thereof adjudging some claims void and dismissing the suit as to the same could not be reviewed prior to a final decree.

The principle of *Ex parte* National Enameling Co. is decisive in the case at bar. In that case, this court held that jurisdiction of the cross appeal could not be sustained because the Circuit Court of Appeals properly had jurisdiction of defendant's appeal. The rule was specifically applied by this court in *ex parte* National Enameling Co. to a cross appeal but the reason for the rule and the rule apply with equal force to a so-called "cross" writ of error; particularly, as in the case at bar, the Circuit Court of Appeals treated the so-called "cross" writ of error as a cross appeal.

The same general rule was applied by this court in Farrar v. Churchill, 135 U. S. 610, 34 L. Ed. 246, wherein the plaintiff perfected an appeal within the time prescribed by law and the defendant was allowed a cross appeal but did not perfect such cross appeal within the statutory time. Defendant's said cross appeal was dismissed by this court although the complainant's appeal was heard and passed on. It appears, therefore, to be the general rule that the appellate court's jurisdiction to entertain one appeal cannot be based on or extended by reason of another appeal taken by the opposing party in the same cause. As said in Farrar v. Churchill, *supra:*

> "Cross appeals must be prosecuted like other appeals."

To the same effect, see S. S. Osborne, 105 U. S. 451, 26 L. Ed. 1065.

In view of the foregoing, we respectfully submit that, as the civil judgment purging petitioner of contempt herein was merely an interlocutory order made in the main equity cause, and, therefore, not reviewable except on appeal after final decree entered in said cause, the Circuit Court of Appeals did not acquire jurisdiction to entertain respondent's writ of error merely because petitioner, by its own independent writ of error and the separate proceedings

had thereon, previously obtained a review of the District Court's judgment of conviction in respect to an entirely different phase of the contempt proceedings.

5. THE CIRCUIT COURT OF APPEALS HAD NO JURISDICTION TO REVIEW OR REVERSE A JUDGMENT OF ACQUITTAL OF CRIMINAL CONTEMPT.

The District Court's judgment, purging petitioner of contempt, reversed by the Circuit Court of Appeals on respondent's writ of error, was a judgment of *acquittal* and not one of *conviction*. If that judgment be deemed a criminal judgment (we have submitted above that the proceeding was civil in every respect) then the acquittal was final and the judgment was not reviewable by the Circuit Court of Appeals.

Section 23 of the Clayton Act, *supra*, expressly limits the jurisdiction of the Circuit Court of Appeals, in criminal contempt proceedings, to a review of judgments of *conviction*. Therefore, if the District Court's judgment, purging petitioner of contempt, be deemed a criminal judgment of acquittal, it certainly was not reviewable under the Clayton Act.

Also, the fundamental principles of criminal law would seem to inhibit any review of a criminal judgment of acquittal. The "once in jeopardy" rule would be violated by a reversal of a

criminal judgment of *acquittal* which would result in a second trial on a charge of which the defendant had been already acquitted. Therefore, under such general principles, the District Court's judgment of acquittal herein was final and not reviewable.

It was the District Court's injunction, which was herein charged to have been violated, and the District Court found there had been no violation in respect to the matters reviewed on respondent's writ of error. Section 268 of the Judicial Code provides that the infliction of any punishment for contempt shall be "at the discretion of the court."

At common law and in the absence of express legislation, no authority resides in one court to review another court's contempt judgment. As said by this court, in Bessette v. W. B. Conkey, 194 U. S. 324, 48 L. Ed. 997:

> "At common law it was undoubted that no court reviewed the proceedings of another court in contempt matters."

And, in respect to judgments in criminal contempt proceedings, we have found no case, other than the case at bar, in which a Federal Court has undertaken to review and reverse a judgment of acquittal.

In respect to judgments of acquittal in civil contempt proceedings, some of the federal appellate courts, on an appeal after *final* decree

in the cause, have reviewed such character of judgments.

The Circuit Courts of Appeal for the Sixth and Eighth Circuits, respectively, reviewed, on appeals after *final* decrees, civil judgments of acquittal in the following cases:

> L. E. Waterman Co. v. Standard Drug Co., 202 Fed. 167;
>
> Enoch Morgans' Sons Co. v. Gibson, 122 Fed. 420.

On the other hand, the Circuit Court of Appeals for the Third Circuit held that:

> "An order refusing to adjudge defendant guilty of contempt for violating an injunction in an infringement suit is not appealable."
>
> Minerals Separation Ltd. v. Miami Copper Co., 269 Fed. 265.

Although we have found no federal court decision directly holding that a judgment of *acquittal* of criminal contempt is not reviewable, nevertheless such a review thereof would appear to be inconsistent with this court's ruling, in Bessette v. Conkey, *supra*, wherein it was said, in respect to contempt proceedings:

> "They are triable only by the court against whose authority the contempts are charged. No jury passes upon the facts; no other court inquires into the charge."

However, there are numerous state court decisions directly holding that contempt judgments

of acquittal are final and not reviewable. In Commonwealth v. Richardson, 125 Southwestern Rep. 147, the Court of Appeals of the state of Kentucky held there was no appeal, by the plaintiff, from a judgment acquitting defendant of contempt. In this regard, that court said:

> "Trial courts may be relied upon to protect their own dignity and to see that their processes are not obstructed. It would be a novel doctrine, indeed, for this court to hold that it had the power to declare an act to be in contempt of court which the court, itself, after a full hearing, determined not to be contempt."

In Craig v. McCullough, 20 West Va. 148, the lower court had enjoined the defendant from offering certain property for sale. On the plaintiff's showing of an alleged violation of the injunction by reason of the publication of a certain advertisement. the lower court ruled that such advertisement did not constitute an offer of the kind prohibited in the injunction. In disposing of plaintiff's appeal from such ruling, the Appellate Court held:

> "A reference to the facts hereinbefore stated will show, that the judge, against whose order the alleged contempt was committed, has expressly decided, that no contempt had been committed. This action is conclusive. Proceedings for the punishment of contempt are in their nature criminal, and while an appeal to this court lies in

> cases of conviction, no appeal lies for an acquittal."

In People v. Ann Arbor R. Co., 137 Mich. 673, it was also held that the plaintiff could not appeal from a judgment finding certain acts did not constitute a violation of the injunction. Therein, the Appellate Court said:

> "We find it well settled by the previous decisions of this court that this court will not review the determination of a circuit judge refusing to punish for contempt."

In view of the foregoing fundamental principles of criminal law, and the authorities cited, it seems plain that the Circuit Court of Appeals exceeded its jurisdiction herein when it passed on respondent's writ of error and reversed the District Court's judgment of acquittal.

However, that court went much further than merely reversing the District Court's judgment. The judgment of the Circuit Court of Appeals not only reverses the lower court's judgment but directs that court to enter a criminal judgment without any new trial or further proceedings.

Such a course, we respectfully submit, is without precedent and contrary to the rules governing criminal proceedings. Even assuming the Circuit Court of Appeals had the requisite jurisdiction, we submit it was entitled to go no further than reversing the judgment and direct-

ing a new trial. It certainly exceeded its jurisdiction in directing the entry of a criminal judgment of conviction.

We, therefore, respectfully submit that, if respondent's writ of error be deemed sued out in a criminal contempt proceeding, the Circuit Court of Appeals had no jurisdiction, by reason thereof, to reverse the District Court's judgment of acquittal or to direct the entry of a criminal judgment.

II.

The Circuit Court of Appeals Erred in Finding That Petitioner's Sale of "Repair Parts" Constituted an Infringement of Respondent's Patent or Constituted a Violation of the Injunction.

The interlocutory decree, entered in the main equity cause No. A4-B62, awarded to respondent, by way of damages and profits, full compensation for petitioner employing the aforesaid patented "widened" inthrust bearing in the respective types of Double underreamers specified in the decree and writ of injunction. [R. 6-14.]

After the service of the injunction, petitioner made and sold certain repair parts, to be used in the same underreamers as are the subject of the pending accounting. Such repair parts did not embrace any underreamer bodies [R. 58] but only those parts of the underreamer

which, in the ordinary use of the underreamer, had but naturally a short life as compared with the body portion. For instance, the cutters quickly wear out, and, from time to time in the use of any underreamer, must be replaced by new cutters.

As said before, none of said repair parts were separately covered by the claims adjudged infringed by petitioner. On the contrary, the Wilson patent claims, numbered 16 and 17, respectively, covering the Wilson cutters, were adjudged *not* infringed by the Double cutters, and, from such judgment, no appeal was taken. (237 Fed. 847.)

The District Court made a specific *finding of fact* to the effect that said parts, so sold by petitioner, were sold as *"repair parts"* for use in the underreamers sold by petitioner prior to the injunction. This finding of fact reads as follows:

> " * * * The defendant has manufactured and sold spare parts, that is, *repair parts*, to be used in connection with and in furtherance of the utility of reamers admittingly within the terms of the injunction. * * *." [R. 62.]

In other words, the court found said *"repair parts"* were sold for the purpose of *repairing* underreamers of the types mentioned in the injunction and which underreamers had been sold by petitioner prior to the injunction.

It is to be noted the writ of injunction did not enjoin petitioner *generally* from making, using or selling all such parts but enjoined petitioner *only* from making, using or selling any parts or elements to be combined or used as a part of any underreamer *"in infringement"* of respondent's patent.

If said "repair parts" were not sold for use *"in infringement"* of respondent's patent there was no violation of the injunction.

Whether or not the manufacture and sale of the aforesaid repair parts constituted a contempt of court depends necessarily upon whether or not such manufacture and sale was prohibited by the aforesaid writ of injunction.

The writ of injunction in this case enjoins petitioner *first*, from making, using or selling either directly or indirectly any underreamers like the specific devices mentioned in the interlocutory decree; *second*, from making, using or selling any parts or elements to be combined or used as a part of any underreamer *"in infringement"* of the Letters Patent in suit, and, *third*, from manufacturing, using or selling directly or indirectly any parts or elements capable of being assembled together or used *"in infringement"* of the Letters Patent in suit. [Rec. 15.] It is plain from a reading of this writ of injunction that the manufacture and sale of parts was only prohibited where and in the event

that said manufacture and sale would constitute an infringement of the Letters Patent in suit. This is the literal wording of the writ of injunction and is the reasonable and equitable construction thereof because obviously respondent has no right to restrain petitioner from doing anything that is not an infringement of respondent's patent.

We have heretofore pointed out that the specific parts of the Double underreamers of the types held to infringe in this case are not individually covered by either of the claims of the patent in suit upon which the decree is founded or the injunction based. Claims 9 and 19 held to be infringed in this case and which claims are the subject of the writ of injunction are both combination claims.

In view of the fact that claims 9 and 19 of the Wilson patent pertain to the combination constituting the assembled tool, the manufacture and sale of parts can only constitute an infringement of the Wilson patent in the event that said parts are to be incorporated or assembled and used in completed underreamers, *where the use of said underreamers would constitute an infringement of the Wilson patent.* This follows from the fact that one who sells parts to be used in a completed machine is only guilty of contributory infringement where the use of said machine including the parts is a di-

rect infringement. This is because the doctrine of contributory infringement is based on the elementary principle that one who assists another in committing a tort is guilty as a participant in said wrongful act. The doctrine of contributory infringement is limited to circumstances where the use of the machine is an infringement. This is necessarily true because the sale of the parts is not an infringement of the patent as the parts are not covered thereby and because if the use of the completed machine is not an infringement there has been no wrongful act committed at all.

Where the use of a complete machine is not an infringement, necessarily the sale of *repair parts* for use in such machine is not contributory infringement. As said by this court, in Hobbie v. Jennison, 149 U. S. 355, 37 L. Ed. 766:

> "The authorities which are cited on the part of the plaintiffs, holding that where a person makes one element of a patented combination, with the intent that other persons shall supply the other elements and thus complete the combination, he is guilty of infringement because he contributes to it, establish a doctrine applicable to the case of a naked infringer. But in the present case, the defendant was not such an infringer, because he had a right under the patent to make, use, and vend the patented article in the state of Michigan, and the article was lawfully made and sold there."

Under the foregoing doctrine the continuation of the use of the Double underreamers covered by the interlocutory decree must constitute a direct infringement of the patent, otherwise there was no contributory infringement by the sale of repair parts therefor. This we submit is the limit of the restraint of the writ of injunction. It in law is the limit of the patentee's right under claims 9 and 19 of his patent. The District Court purged petitioner of contempt on the theory that the use of the underreamers covered by the interlocutory decree and the accounting decreed thereby was not an infringement of the patent, and that, therefore, there was no contributory infringement of the patent in the sale of repair parts. The District Court based its decision on the fact that Wilson *had elected* to sue for and to recover full compensation from petitioner for the manufacture and sale of all the completed underreamers in question and that such compensation places Wilson in the same position as if said underreamers had been licensed by Wilson as to said widened bearing.

Obviously, if the Double underreamers, purchased from petitioner prior to the service of the writ of injunction, became licensed in law and freed from the monopoly of the Wilson patent by reason of respondent's election to recover full compensation from petitioner, the

owners of such freed underreamers had the right to use them and to keep them in usable condition by the repair thereof.

Having such right of repair, the owners of said underreamers necessarily had the right to buy the necessary repair parts. If they had the right to buy, then everyone, including petitioner, had a right to sell such parts to them. Otherwise their right to buy would not be full and complete as it necessarily must be if their underreamers were freed from the monopoly of the Wilson patent.

The question, as to whether or not petitioner violated the injunction, therefore, depends upon whether or not the complete Double underreamers, made and sold by petitioner, were freed from the Wilson patent monopoly by reason of respondent's election to sue and recover from petitioner full compensation for such infringement.

The District Court, in purging petitioner of contempt, held that respondent, by reason of electing to recover from petitioner full and complete compensation for such use of respondent's patented invention as has been made thereof in said Double underreamers and by reason of the interlocutory decree awarding him such compensation, necessarily, in law, freed said underreamers from the monopoly of the

Wilson patent; on the theory that respondent was only entitled to but one *complete compensation* for the use of his invention.

The reversal of the District Court's decision by the Circuit Court of Appeals was apparently based upon the theory that, although the underreamers, in the hands of the purchasers thereof from petitioner, would be freed from the Wilson patent monopoly upon the payment and satisfaction of a final decree fixing and awarding such complete compensation, they would not be freed, either temporarily or perpetually, from such monopoly prior thereto.

The Circuit Court of Appeals' decision creates a most anomalous situation. According to such decision, a patentee can elect to sue an infringing manufacturer for the recovery of complete compensation for the use of his patented invention in devices sold by the manufacturer and, at the same time, prevent the use of such devices by the purchaser thereof during the pendency of the suit and up to the time any judgment, entered therein against the manufacturer, is satisfied. The prevention of such use by the purchasers, as in the case at bar, could frequently be accomplished by preventing the manufacturer from supplying repair parts necessary to keep the devices in a usable condition. In such cases, therefore, an injunction enjoining the manufacturer from supplying re-

pair parts would be as effectual, in restraining the purchasers from continuing the use of the devices, as would be injunctions issued in suits brought directly against the users.

Therefore, the question as to the right of a patentee to prevent the manufacturer from supplying repair parts during the pendency of a suit against such manufacturer for full compensation, is practically the same as the question as to a patentee's right to bring injunction suits against users during the pendency of such a suit against the manufacturer for full compensation. The results being the same, the same rule of law should control the patentee's rights in so indirectly or directly preventing the use of the purchased devices during the pendency of the suit against the manufacturer and seller of such devices.

THE PATENTEE'S RECEIPT OF COMPLETE COMPENSATION FOR THE USE OF HIS PATENTED INVENTION IN AN INFRINGING DEVICE, FREES SUCH DEVICE FROM THE PATENT MONOPOLY.

If a patentee manufactures and sells a device, embodying his patented invention, it is apparent that, from the proceeds of the sale, he is fully compensated for the use of his invention and, therefore, the purchaser of the device takes it freed from the patent monopoly.

If an infringer makes and sells a device embodying such invention and the patentee recovers from the infringer full compensation for such use of the invention, the purchaser of the device also holds it freed of the patent monopoly.

Regarding the rights of a purchaser of an infringing article, after the owner of the patent thereon has been so fully compensated for the infringement, it is said in Robinson on Patents, Vol. II, page 633:

> "The purchaser, therefore, may retain the article as his rightful property, and use it and *repair* it as freely as if he had procured it from the patentee."

Obviously, the law would not permit a patentee to demand and receive full compensation for the use of his patented invention in a device sold by another and, at the same time, permit him to enjoin the use of the device. To permit a patentee to do both, would be to permit him "to eat his cake and have it too."

Therefore, the rule is well established that receipt of full compensation by the patentee from a manufacturer of devices infringing his patent, operates, in law, to license the devices in the hands of the purchasers thereof. As said on page 381 of the fifth edition of Walker on Patents:

> "An actual recovery of a full royalty for making, and selling to others to be used,

operates as an implied license to any purchaser of the thing thus made and sold, to use it to the same extent that he could lawfully have done, if the maker had been licensed to make and sell it."

The same rule is announced in the following cases:

Perrigo v. Spalding, 13 Blatch. 389, 19 Fed. Cas. 260, No. 10,994;

Spalding v. Page, 4 Fish. 641, 22 Fed. Cas. 892, No. 13,219.

Allis v. Stowell, 16 Fed. 783;

Gilbert & Barker Mfg. Co. v. Bussing, 12 Blatch. 426, 10 Fed. Cas. 348, No. 5,416;

Birdsell v. Hagerstown A. I. Mfg. Co., 1 Hughes, 64; 3 Fed. Cas. 450, No. 1,437;

Stebler v. Riverside Heights O. G. Ass'n, 211 Fed. 985.

In the case of Steam Stone Cutter Co. v. Windsor Mfg. Co., *et al.*, 17 Blatchf. 24, 22 Federal Case 1169, No. 13,335, it was said:

" * * * If the avails of the sales are claimed and taken, the right to the thing sold must be parted with; *solutio pretii emptionis loco habetur*, 2 Kent., Comm. 387. It will be like taking judgment and satisfaction for the conversion of property, which always operate 'so that the defendant hath now the same property

> therein as the original plaintiff had, and this against all the world.' Adams v. Broughton, And. 19, Strange, 1078. *And this relates back to the time of conversion.* Add. Torts (Wood's Ed.) 544; 6 Hen. VII. fols. 8, 9, pl. 4; Shep. Touch. 227; Barnett v. Brandao, 6 Man. & G., 640, note. The sales must be adopted by the orator upon the very terms upon which the defendant made them, and as much right to the inventions must follow as if the sales had been made by the orator instead of by the defendant."

See also:

> Third Nat'l Bank v. Rice, 161 Fed. 822, at p. 826.

According to these decisions, the patentee, in demanding and recovering full compensation for the wrongful use of his invention in devices made and sold by a manufacturer, adopts the sales *as though made by himself*, and, therefore, necessarily licenses the use of the devices, or, in other words, frees the devices from the monopoly of his patent.

Furthermore, it is to be noted that it is held such *right to use* relates back to the time of the sale. Logically, this must be so because the patentee could not be entitled to recover complete compensation for the use of his invention in devices sold by another and, at the same time, also be entitled either to recover *additional compensation* from the purchaser thereof or to enjoin the use thereof by the purchaser.

When the patentee elects to sue and does sue the manufacturer for full compensation, he must be deemed to have thereupon freed, from his patent monopoly, the devices covered thereby and sold by the manufacturer and certainly, during the pendency of the suit, the use of said devices, by the purchasers thereof, must be free from any interference or restraint by the patentee.

THE INTERLOCUTORY DECREE HEREIN AWARDED TO RESPONDENT COMPLETE COMPENSATION AND THEREFORE FREED FROM HIS PATENT MONOPOLY THE UNDERREAMERS SOLD BY PETITIONER PRIOR TO THE INJUCTION.

Having elected to recover full compensation from the manufacturer, an interlocutory decree awarding the patentee such full compensation in a suit against the manufacturer, frees the devices in the hands of the purchasers pending final decree, according to the decision of the Circuit Court of Appeals for the Ninth Circuit in the case of Stebler v. Riverside Heights O. G. Ass'n, 214 Fed. 550, 554. In that case, the court said:

> "When final judgment is entered against the defendants pursuant to the accounting which has been ordered against them, the plaintiff will receive thereunder full compensation for the use of the machines by the vendees of the defendants herein for

> such period as they are capable of being used, in the same manner and to the same extent as he would have done had he sold the machines himself. This being true, a decree against the defendants for the profits which they receive by reason of the sales of the infringing machines, together with whatever damages the plaintiff may have suffered by reason thereof, must be held to vest the right to the use of the machines in the defendants' vendees free from any further claim by the patentee."

This Stebler decision finds support in a number of well reasoned prior decisions. In a majority of these prior cases, the question whether or not a decree against a manufacturer, awarding the patentee complete compensation, frees the devices in the hands of the purchasers thereof from the manufacturer, arose and was presented in reference to the question of the patentee's right to sue users after the entry of such a decree. Of course, the patentee would have no such right to sue users if their devices were freed from the patent monopoly by reason of the entry of such a decree against the manufacturer.

In Birdsell v. Hagerstown A. I. Mfg. Co., 1 Hughes 64, 3 Fed. Cas. No. 1,437, the Circuit Court in Maryland enjoined suits against users on the theory that the owner of the patent would recover full compensation in a pending suit

against the manufacturer of the infringing devices.

In Allis v. Stowell, 16 Fed. 783, the court expressed the opinion that, in a proper case, the court would enjoin suits by the patent owner against a mere purchaser pending a suit by the patent owner against the manufacturer of the infringing devices. The court said:

> " 'The recovery of profits and damages from the manufacturers of an infringing machine debars the patentee from recovering from a user for the use of the same machine,' where the user purchased the machine from the infringing manufacturer. *Booth v. Seevers,* 19 O. G. 1140, and cases there cited. These adjudications indicate the law to be, that where a patentee recovers from an infringing manufacturer full damages and profits on account of the infringement, the purchaser from such manufacturer, who is a user of the machine, will be protected in such use against a suit for infringement, as he would be if he were a licensee from the patentee."

The court, in this case, denied an injunction because it was not shown that the devices, in the hands of the users were the same devices as were involved in the suit against the manufacturer.

In Ide v. Ball Engine Co., 31 Fed. 901, the court enjoined suits against the customers of a manufacturer pending a suit for infringement

against the manufacturer. The court expressed the opinion that public policy favored restricting litigation to the case involving the manufacturer; especially in view of the fact that the patent owner had elected to sue the manufacturer.

See also,

National Cash Register Co. v. Boston Cash Co., 41 Fed. 51;

The Rumford Chemical Works v. Hecker, 5 O. G. 644.

In Stutz v. Armstrong, 25 Fed. 147, the court said:

> "I think the true doctrine, and one reconciling any seeming inconsistencies in the decisions, is this: that while the patentee may, if he choose, confine himself to a recovery for past infringement, and insist that the further use of the infringing machine be enjoined, yet, if he elect as his measure of damages the full license fee established by himself, the payment thereof operates to vest in the defendant the right to use the machine during the term of the patent, or until that particular machine is worn out. Sickels v. Borden, 3 Blatchf. 536; Suffolk Co. v. Hayden, 3 Wall. 315; Spalding v. Page, 4 Fish. 641; Emerson v. Simm, 6 Fish. 285, 286; Birdsell v. Coolidge, *supra;* Birdsell v. Shaliol, 112 U. S. 485; S. C. 5 Sup. Ct. Rep. 244. This is in harmony with the general rule that satisfaction of a judgment for the value of property wrong-

> fully converted transfers the title to the defendant. 2 Sedg. Dam. (7th Ed.) 421."

In Morgan Envelope Co. v. Albany Co., 152 U. S. 425, 38 L. Ed. 500, at 503, this court said:

> "The patentee having once received his royalty upon such device, he cannot treat the subsequent seller or user as an infringer. Bloomer v. McQuewan, 55 U. S., 14 How. 539 (14:532)."

It is apparent that the decision of the Circuit Court of Appeals in the case at bar is not in accord with its prior decision in the Stebler case. The conflicting rules of the two cases read as follows:

Stebler Case.	*This Case.*
"This being true, a decree against the defendants for the profits which they received by reason of the sales of the infringing machines, together with whatever damages the plaintiff may have suffered by reason thereof, must be held to vest the right to the use of the machines in the defendants' vendees free from any further claim by the patentee."	"The error of this position, as we view it, is that it conflicts with the rule that the infringing devices are not free in the hands of the users until the patentee whose rights have been transgressed, has received full satisfaction for the transgression."

We are frank to say that there is a division of authority on this very point in other courts; and we find that the decisions, which do not agree with the rule of the Stebler case, are based on, what we deem to be, an erroneous interpretation of the decision of this court in Birdsell v. Shaliol, 112 U. S. 485, 5 Sup. Ct. 768. In that case, Birdsell had brought a suit in equity, for infringement of his patent, against the Ashland Machine Company, a manufacturer and seller of the machines covered by his patent. A perpetual injunction had been decreed and the case had been referred to a Master before whom damages, sustained by Birdsell, were proved and claimed. The Master reported that the Ashland Machine Company had made no profits for which it should account, and that, if damage had been sustained, it had been sustained by the Birdsell Manufacturing Company, a stranger to the suit, and a corporation to whom Birdsell had granted an exclusive license *"to make, vend and use his invention."* The Master accordingly reported that Birdsell was entitled to recover only nominal damages. Subsequently, Birdsell together with the Birdsell Manufacturing Company brought a suit against one Shaliol and another, who had used one of the machines manufactured by the Ashland Machine Company, and which was embraced in the Master's report in the former suit

against that company. The defendants contended that the second suit was barred by the recovery of nominal damages by Birdsell in the former suit against the Manufacturing Company. This court held that a judgment, for the payment of nominal damages in favor of Birdsell, was not a bar to a subsequent suit in which the Birdsell Manufacturing Company, a different complaint, sought to recover the damage that it, and not the former plaintiff Birdsell, was entitled to because of the infringement.

BIRDSELL v. SHALIOL, 112 U. S. 485, 28 L. ED. 768.

Upon the question concerning the right of respondent to *elect* to recover full compensation for *all* loss he claims to have sustained by reason of the infringement and *at the same time resort* to an *injunction against using* the *very things upon the sale of which he* has elected to receive all the profit arising from the presence of a feature of his patent therein,—the reasoning of Judge Hunt,—speaking for the Circuit Court of Appeals,—would seem to be based upon a misapplication of the opinion of this court in Birdsell v. Shaliol, 112 U. S. 485, decided in 1884. The facts in that case are very different from those in the instant case. There a patentee had given an exclusive license to another to make, use and sell the patented

articles. An infringement was sued for by the patentee and found to exist, but, since the patentee had parted with his beneficial interest he had suffered no substantial loss. He recovered a judgment of one dollar. This was awarded as *damages*,—it being found that no profit had been realized.

Subsequently suit was brought by the exclusive licensee against a purchaser from the defendant in the first case. The case was for injunction and damages. Defendant pleaded estoppel by the former judgment. The reply was: (1) That Birdsell Mfg. Co. was not a party to the first suit; (2) that the instant defendants were not parties; (3) that only nominal damages were recovered and paid. The court there held that damages as distinguished from profits would not be inconsistent with injunction and that in any case since only nominal damages were obtained, this would not free the machine from the subsequent infringement suit of the party substantially damaged. Manifestly the facts are wholly different in the case at bar.

In the instant litigation, however, the respondent was the sole owner of the exclusive rights under the patent in suit. (a) He elected to bring a suit in equity not only for an injunction to prohibit further infringement but prayed for an accounting and recovery of all profits and damages arising out of the infringe-

ment. He elected to have an injunction against future infringement and a recovery of profits and damages for past infringement. He elected to free the devices made in infringement and to license them by recovering all moneys due to him thereon.

(b) He secured injunction only as to subsequent infringements.

(c) Pending accounting, these underreamers, which are the *subject of the accounting* and upon which respondent *elected* to exact the *profits and damages* attributable to the infringing element,—*cannot be used* unless "repair parts" are supplied. Respondent cannot supply these "repair parts" because they are primarily made under the Double patent and are not the type which respondent makes.

(d) Petitioner is able to respond to the final decree,—according to the findings by the District Court which were not controverted.

(e) Having *elected* to exact and rely upon obtaining full remedy in the equity case, by way of said profits and damages,—if respondent can also resort to injunction, *against the use* of the very underreamers upon which he is demanding and receiving such full compensation, —he seeks to recover such full compensation and at the same time *destroy the value of the thing* for which he receives such compensation.

These are wholly inconsistent remedies. A court of equity will not tolerate so inequitable a proceeding.

How unlike the facts in the Birdsell case! *There* neither of the parties were parties to the original case. *Here* it is all *in* the original case and between the parties thereto. *There* no profits were realized in the original case and only nominal damages to the party *not financially interested* had been adjudged and paid. *Here* full compensation, by way of profits as well as damages, has been *elected*, and *decreed*, against a responsible party, and accounting is in progress,—and the profits are upon the very reamers of which in this same action respondent is attempting to prevent the use, by *expanding* and misapplying the injunction.

ANALOGY TO CONVERSION CASES.

In the Birdsell case, an analogy is drawn to cases at law for conversion. It is said that the party injured may pursue several joint tort feasors, *separately*, and that it is only *satisfaction* of a judgment against one that will bar recovery against the others. *The analogy does not apply to the facts in the instant case.* This is a plain case in equity where *there has been an election between inconsistent remedies.* Only *one* alleged wrong-doer is sued. Respondent cannot *both* enjoin the *use* of all the infringing

underreamers therefore sold by preventing the supplying of ordinary "repair parts,"—and at the *same time proceed in the same case to collect* all the profits and damages attributable to the infringement, on account of the *very underreamers* the use of which is enjoined. That is riding horses going in opposite directions. It is eating his cake and still having it.

But the *common law doctrine* that, in cases of conversion, the property does not become vested in the wrong doer *until* the owner has received compensation, is subject to the qualification that when the owner gets his compensation, *the right of the owner vests in the wrongdoer as of the date of the conversion.* Even at common law, the transfer *related back.*

> Steam Stone Cutter Co. v. Windsor Mfg. Co., Fed. Cas. No. 13,335, 17 Blatch. 24;
>
> Barnett v. Brandao, 6 Man. & G. 640;
>
> Third Nat. Bank of St. Louis v. Rice, 161 Fed. 822, 88 C. C. A. 64, 23 L. R. A. (N. S.) 1167.

The decision of this court, in Birdsell v. Shaliol, has been much discussed by the courts. A number of courts have taken the view that this court established, by its decision in Birdsell v. Shaliol, that a recovery against a manufacturer does not release the devices in the hands

of the user and does not prevent suits against the user and further recoveries, notwithstanding the full recovery had from the manufacturer. We respectfully submit that the view of those courts, of the decision in Birdsell v. Shaliol, is erroneous. In Birdsell v. Shaliol, the owner of the patent had not received full compensation for the infringement for the obvious reason that the holder of the main and principle portion of the exclusive right, to wit, the holder of the exclusive license to make, vend and use, had received nothing by the former judgment and was not even a party to the former judgment. We do not understand this court to have ruled, in Birdsell v. Shaliol, that the holder of a patent may have double compensation for the same wrong. In fact, this court was apparently of the opinion that one infringer is exempt by reason of the patent owner having received full compensation from another infringer for the same device, for this court said in Birdsell v. Shaliol:

> "If one person is in any case exempt from being sued for damages for using the same machine for the making and selling of which damages have been recovered against and paid by another person, it can only be when actual damages have been paid, and upon the theory that the plaintiff has been deprived of the same property by the acts of two wrongdoers and has received full compensation from one of them.

> In that view, the case of the patentee, whose right of property under his patent had been invaded, would be analogous to that of one from whom personal property had been taken."

Our view of the doctrine in Birdsell v. Shaliol is supported in the opinion by the Circuit Court of Appeals for the Ninth Circuit in the Stebler case, supra, wherein that court fully discussed said decision and came to the conclusion that "The doctrine of Allis v. Stowell is not in conflict with Birdsell v. Shaliol, but on the contrary is entirely in accord with that case, and we think states the true doctrine upon the question under consideration." (214 Fed. at 555.)

The contrary view, of the meaning of the decision of this court in Birdsell v. Shaliol, has been adopted by the courts which have differed from the rule in the Stebler case. For example, in referring to the respective decisions in Allis v. Stowell, Ide v. Ball Engine Co., etc., *supra*, Judge LaCombe, in New York Filter Co. v. Schwarzwalder, said:

> "But the learned judges who decided those cases apparently assumed that recovery against the maker of an infringing apparatus, and satisfaction of the damages and profits awarded against him, would pass that particular apparatus out of the limitation of the monopoly created by the patent, and that the user thereof could not thereafter be interfered with. The law,

> however, is settled otherwise by the Supreme Court. Birdsell v. Shaliol, 112 U. S. 485, 5 Sup. Ct. Rep. 244, which holds that recovery against the maker is no bar to an action against the user for damages resulting from his use, and for injunction against further use." (58 Fed. 577, at p. 579.)

Following this interpretation of the decision of this court in Birdsell v. Shaliol, as expressed by Judge LaCombe, the courts in some circuits have held that a suit or decree against a manufacturer for full compensation does not release the infringing devices in the hands of the purchasers.

Philadelphia Trust S. D. & Ins. Co. v. Edison Electric L. Co., 65 Fed. 551 (C. C. A. 3rd);

Wagner v. Meccano, 239 Fed. 901 (C. C. A. 6th);

Kelly v. Ypsilanti Dress Stay Co., 44 Fed. 19;

Kryptok Co. v. Stead Lens Co., 190 Fed. 767;

Asbestos Shingle A. & S. Co. v. Johns-Manville, 189 Fed. 611;

Westinghouse v. Mutual Life Ins. Co., 129 Fed. 213;

Tuttle v. Matthews, 28 Fed. 98;

Computing Scale Co. v. National Computing Scale Co., 79 Fed. 962;

Fisher v. Consolidated Amador Mine, 25 Fed. 201;

Van Epps v. International Paper Co., 124 Fed. 542;

DeLaski & Thropp v. Empire, 239 Fed. 139.

We respectfully submit that the aforesaid decisions, following Judge LaCombe's construction of the decision in Birdsell v. Shaliol, have erroneously interpreted this court's opinion in said case. As we read the Birdsell v. Shaliol opinion, this court did not intend to therein hold that a patent owner was entitled to receive *twice* a complete compensation for the wrongful use of his patented invention.

It appears, from this court's decision in the second Birdsell suit, 112 U. S. 485, that compensation to the injured party, *i. e.*, the party who actually suffered loss, was awarded but once.

In the most recent case on this subject, Panoualis v. National Equipment Co., 269 Fed. 630, 633, decided November 17, 1920, the Circuit Court of Appeals for the Second Circuit cites, with approval, the case of Stebler v. Riverside Heights O. G. Co., 214 Fed. 550, and applies the rule announced therein by holding:

> "Until such decision is reached, *the actions against users must be stayed*, as in

Stebler v. Riverside etc. Ass'n, 214 Fed. 550, 131 C. C. A. 96, L. R. A. 1915F. 1101."

It thus appears that some of the Circuit Courts of Appeal have established and apply the rule that, pending a suit against the manufacturer for *complete compensation* for the wrongful use of a patented invention, the *use* of devices, purchased from the manufacturer and embodying such invention, shall be allowed to continue and the patent owner be enjoined from interfering with such use by the bringing of or by the prosecution of suits against such users.

The said rule necessarily is founded on and embraces the proposition that, pending such a suit against the manufacturer for complete compensation, the infringing devices, sold by the manufacturer, are freed from the patent monopoly and, upon the satisfaction of any judgment against the manufacturer for such complete compensation, the said devices are perpetually freed from the patent monopoly, and such license relates back to the date of their manufacture and sale.

We respectfully submit the said rule is well founded in law and is in accord with the fundamental principles of equity and justice. It is also in accord with the broad principles controlling the procedure in equity causes, inas-

much as it prevents a multiplicity of suits. The enforcement of such a rule fully protects the patentee's rights without permitting him to recover, more than once, complete compensation for the wrongful use of his patented invention.

If, under the said rule, announced by the Circuit Court of Appeals for the Second and Ninth Circuits preventing suits being brought against *users* pending a suit against the infringing manufacturer, a user is entitled to continue, without interference from the patent owner, the use of a device purchased from the manufacturer, he is also entitled to keep said device in a usable condition by the repair thereof. The right to repair is a necessary incident of the right to use. Having such right to use and to repair, the user would necessarily have the right to buy repair parts and, therefore, anyone, including the said manufacturer, would have the right to sell to the user such repair parts.

In the case at bar, the accounting is proceeding before the master under the terms of the interlocutory decree which awards to respondent by way of damages and profits the full and complete compensation (as to the infringing bearing) for petitioner's manufacture and sale of said infringing underreamers [R. 12], which respondent elected to take and prayed in his bill of complaint. There is no question as to

the financial responsibility of petitioner. As said by the District Court:

"He has asked for damages and for profits, and presumably will get all the damages to which he is entitled. There is no suggestion here that he cannot recover such damages as are awarded to him. The understanding that the court has, is that the Union Tool Company is a very rich concern, and it is backed by another very rich concern." [Rec. 78-79.]

Respondent elected to sue the manufacturer for complete compensation for the wrongful use of an element of his invention and he will receive such complete compensation from such manufacturer, the petitioner herein. Respondent has pursued and is enforcing this remedy. Therefore, we respectfully submit, this case is controlled by the maxim: *"Solutio pretii emptionis loco habetur."*

Unless it be held the interlocutory decree, awarding respondent complete compensation, frees petitioner's devices in the hands of the purchasers thereof pending the accounting, respondent will receive *more* than such complete compensation for the use of said element of his invention.

If it be held petitioner cannot rightfully furnish, to said purchasers of petitioner's devices necessary repair parts therefor, then said purchasers and users of the devices are, in fact and in law, being enjoined from using said devices

and such an injunction against the users is contrary to the rule announced by the Circuit Courts of Appeal for the Second and Ninth Circuits, *supra*. On this point the District Court said herein:

"Now, if he possesses the right to do that, then this court may not directly or indirectly lay its staying hand upon him and say that he may have the form of the thing but is denied the substance; may not say that he has the right to use, but he shall never be permitted the opportunity to use, because the court will not permit him to buy any of the articles of repair that are necessary for its practical use. And the court, in effect, would be enjoining him from buying, if it enjoined someone else from selling it to him. I do not see any escape from that conclusion. It would be enjoining the sale to him if it punished by contempt the sale to him." [Rec. p. 77.]

It is respectfully submitted the foregoing ruling of the District Court is in accord with equity and justice. The respondent, having *elected* to recover complete compensation (as to the item of infringement) from petitioner, should not be permitted, pending the accounting herein, to prevent the use of the very devices in reference to which he has *elected* to recover such complete compensation from the manufacturer thereof. Certainly respondent is not entitled to recover *more than one* complete compensation for the use of this item of his invention and, therefore, we respectfully submit peti-

tioner's said devices upon which such full compensation is adjudged must be deemed freed from respondent's patent monopoly during the pendency of this suit and thereafter, in the event of the satisfaction of any judgment entered herein, and concerning which satisfaction there can be no doubt, in view of the admitted financial responsibility of petitioner.

THE RIGHT TO REPAIR IS INCLUDED IN THE RIGHT TO USE AND THEREFORE THERE CAN BE NO CONTRIBUTORY INFRINGEMENT IN SELLING REPAIR PARTS TO ONE HAVING THE RIGHT TO USE.

The decision of the District Court, purging petitioner of contempt, was based on the finding that the underreamers, sold by petitioner prior to the injunction, were, by reason of respondent's election to recover complete compensation therefor from petitioner, freed from respondent's patent monopoly and, therefore, the users of said devices were entitled to use them and keep them in usable condition by the repair thereof.

The right to repair, as an incident of the right to use a patented device, is a well-established rule of patent law.

> "The purchaser, therefore, may retain the article as his rightful property, and use it and repair it as freely as if he had pro-

> cured it from the patentee." (Robinson on Patents, Vol. 2, p. 633.)

In Leeds & Catlin Co. v. Victor Talking Machine Company, 213 U. S. 325, 53 L. Ed. 816, this court said:

> "The license granted to a purchaser of a patented combination is to preserve its fitness for use so far as it may be affected by wear or breakage."

The said rule is too well established to require further citation of authorities. In law, what one may himself do he may have done by another. The right to repair necessarily embraces the right to buy the necessary repair parts and it is, therefore, lawful for anyone to sell such repair parts to one having such right to repair. This matter is fully discussed in the case of F. F. Slocomb & Co. v. Layman Co., 227 Fed. 94, 99.

The opinion of the Circuit Court of Appeals herein suggests that the right to repair does not extend to users the right to buy repair parts in anticipation of breakage and destruction of parts. This suggestion, we respectfully submit, is inconsistent with the doctrine of repair. The repair parts, *not being respectively patented as separate and distinct elements*, the *mere* manufacture and sale thereof could not infringe any patent. The only theory on which any such manufacture and sale thereof could be held to

constitute an infringement, or "contributory infringement," is that such parts are intended for use in and are used in a complete combination or instrumentality *not* freed from some patent monopoly. If intended for use in, and used in a device, *freed* from the patent monopoly, the manufacture and sale of such repair parts cannot constitute contributory infringement because the use of said device, with said repair parts therein, is not an infringement; and, therefore, the time when such repair parts, intended for such lawful use, are made, sold or purchased is quite immaterial.

On this point the case of Bullock Electric & Mfg. Co. v. Westinghouse Electric & Mfg. Co., 129 Fed. 105, 111, C. C. A. 6th C., is pertinent. In that case the defendant was enjoined from infringing the plaintiff's patent, the claims of which respectively covered *combinations of elements*. One of the elements of these combination claims was an electric motor. The District Court adjudged the defendant guilty of contempt because, after the injunction, the defendant had made and shipped to a customer in Canada such a motor constituting only one of the elements of the plaintiff's patented combinations. The plaintiff's patent monopoly, of course, did not extend beyond the limits of the United States. In reversing the District Court's judgment of conviction of criminal contempt,

the Circuit Court of Appeals for the Sixth Circuit said:

> "The *intent* and *purpose* that the element made and sold shall be used in a way that shall infringe the combination in which it is an element constitutes the necessary concert of action between him who furnished the single part and he who actually does the injury by the assembling and using of all the parts in such a way as to be an infringement. This principle runs through all the cases upon contributory infringement. Heaton-Peninsular Button Fastener Co. v. Eureka Specialty Co., 77 Fed. 288, 297, 25 C. C. A. 267, 35 L. R. A. 728; Saxe v. Hammond, Fed. Cas. No. 12,411; Wallace v. Holmes, 9 Blatchf. 65, Fed. Cas. No. 17,100; Thompson-Houston Co. v. Kelsey Electric Co., 75 Fed. 1005, 22 C. C. A. 1; German-American Filter Co. v. Loew Filter Co. (C. C.), 103 Fed. 303, affirmed 107 Fed. 949, 47 C. C. A. 94.
>
> "In Snyder v. Bunnell (C. C.), 29 Fed. 47, Judge Coxe gave his emphatic approval to the principle laid down by Judge Shipley in Saxe v. Hammond, cited above, where it was said that 'the mere manufacture of a separate element of a patented combination, unless such manufacture be proved to have been conducted *for the purpose* and *with the intent* of aiding infringement, is not in and of itself infringement.' That the single element was made and sold was with the intent and purpose of aiding another in infringing must appear, or the necessary concert of action will be missing. This may be shown presumptively, as it is when the article is incapable of any other

use than an infringing one. If, on the other hand, it be adapted to other uses 'the intention to assist in infringement must be otherwise shown affirmatively.' Thompson-Houston Co. v. Ohio Brass Works, 80 Fed. 712, 723, 26 C. C. A. 107. These principles we think determine this case.

"The finding that the intent and purpose in making and selling this motor was that it should be used in the patented devices in Canada is a finding against any infringing purpose. It would not be an infringement to put the motor to the use intended, because that use was beyond the protection of the patent. The defense is as complete as if the intent had been to furnish the motor to one having a license to make, sell, and use. In neither case would there be an intent to assist in an infringement, and without such intent the plaintiff in error was not infringing the patents or disobeying the order of the court."

In the case at bar, the District Court specifically found that the *unpatented* repair *parts*, sold by petitioner after the injunction, were sold for use in repairing the underreamers held, by that court, to be freed from the Wilson patent monopoly. [Rec. 62.] As the intended use of said repair parts was a lawful use thereof in connection with underreamers so licensed in law, it was, of course, immaterial when such repair parts were made, sold or purchased. The only material factor was whether or not their intended use was a lawful one and the District

Court specifically found such intended use thereof was a lawful one.

The said finding of fact, we submit, was conclusive. In the case of Bessette v. Conkey Co., 194 U. S. 324, 48 L. Ed. 997, this court, in defining the powers of a Circuit Court of Appeals in the review of a contempt proceeding, said:

> "On such a writ only matters of law are considered. The decision of the trial tribunal, court or jury, deciding the facts, is conclusive as to them."

Furthermore, the parts, so sold by petitioner, are, in their very nature, *"repair parts."* It was expressly stipulated petitioner sold no underreamer *"bodies"* after the injunction. [Rec. 58.] The parts requiring most frequent repair were the cutters, which in ordinary use quickly wear out, become dulled or broken and must be replaced. In respect to the Double cutters, so sold by petitioner, it is to be remembered the court adjudged same did not infringe the Wilson patent or the claims thereof (Nos. 16 and 17, respectively), covering the very different cutters disclosed in the Wilson patent.

Therefore, under the rule announced by the Circuit Court of Appeals for the Sixth Circuit, in Bullock Electric & Mfg. Co. v. Westinghouse Electric & Mfg. Co., *supra,* petitioner committed no acts of contributory infringment and did not violate the injunction by selling said *unpatented*

"repair parts" for use in repairing underreamers freed from the Wilson patent monopoly.

III.

The Circuit Court of Appeals Erred in Adjudging That Petitioner Had Deliberately or Wilfully Violated the Injunction or Disregarded the Authority of the Court.

The Circuit Court of Appeals found herein that there was a "willful disobedience of the injunction" and directed the District Court to enter a criminal judgment "imposing such punishment as may seem proper."

The said finding was clearly erroneous, as it is contrary to the "fact" found by the District Court. That Court expressly found petitioner was acting in good faith and had no intent of willfully violating the injunction. As said by the District Court:

"And I am saying all of this with the reservation mentally and actually indulged in by me, that these parties are not acting in bad faith." [Rec. 88.]

The District Court found that petitioner not only was acting in good faith, in respect to the sale of said repair parts, but also was acting in good faith in respect to the sale of the "Pocket" and "U" types of underreamers, in reference to which sale thereof petitioner was adjudged in contempt and fined.

By reason of said *finding of good faith,* the District Court's said judgment was reversed, in respect to the punitive portion thereof, by the Circuit Court of Appeals on petitioner's writ of error, the latter court expressly holding said finding to be "*an acquittal of the defendant of having acted in bad faith and of having willfully violated the injunction order.*" (262 Fed. 431.)

In view of the foregoing, where is there, in the record, any support for the finding of the Circuit Court of Appeals to the effect there was "a willful disobedience of the injunction" in respect to the sale of said repair parts?

Under the rule, as announced by the Circuit Court of Appeals for the Ninth Circuit in Stebler v. Riverside Heights O. G. Ass'n, *supra*, the sale of said repair parts constituted no infringement of respondent's patent and, therefore, was not prohibited by the injunction herein. *This was the rule of law of the District and of the Circuit. Petitioner relied thereon.*

What justification was there for any such finding of "willful violation of the injunction," when not only petitioner, but the District Court, construed said decision of the higher court in the Stebler case as establishing a rule of law that the sale of said "repair parts" did not constitute a violation of the injunction? Where courts and judges disagree as to what is the

law, how can bad faith *be imputed* by an Appellate Court to a party whose understanding of the law has been approved and confirmed *by the very court of which he is sought to be adjudged in contempt?*

It is true that, in the later case of Sherman-Clay Co. v. Searchlight Horn Co., 225 Fed. 497, the Circuit Court of Appeals for the Ninth Circuit held that the doctrine, announced by it in the Stebler case, did not apply to the particular facts of such later case wherein, as the court particularly pointed out, the *manufacturer* had not been sued by the patent owner. Prior to the decision in the case at bar, the rule announced in the Stebler case had been followed in the Ninth Circuit, and, in Marconi W. Tel. Co. v. Kilbourne & Clark Mfg. Co., 235 Fed. 719, 723, the District Court for the Western District of Washington said:

> "Judge Wolverton, who wrote the decision in the Sherman-Clay case, sat with the Court of Appeals in the Stebler case, and I think the Sherman-Clay case fully supports the decision in the Stebler case."

WILFUL TRESPASS ANALOGY. In numerous cases of trespass upon the public domain by cutting timber and the like, the question of *punitive damages* based upon *willful* trespass as distinguished from *innocent* trespass is discussed.

In United States v. Home Stake Min. Co., 117 Fed. 481, the court said:

> *"The test which determines whether one was a willful or an innocent trespasser is not his violation of or compliance with the law, but his honest belief and actual intention at the time he committed the trespass,* and neither a justification of his acts nor any other complete defense to them is essential to establish the fact that he was not a willful trespasser.
>
> "The fact that one acted on the advice of reputable counsel is persuasive evidence of his good faith. And one who honestly follows the erroneous advice of such counsel upon questions of legal right concerning which a layman would hardly have actual knowledge is not chargeable with bad faith, or with the willful intent to commit a wrongful act, because his counsel was mistaken in his view of the law."

In Powers v. United States, 119 Fed. 562, 568 the Circuit Court of Appeals for the Sixth Circuit quotes an opinion rendered by Mr. Chief Justice Taft and says:

> "The rule which *forfeits* to the owner the added value conferred by the labor and money of the trespasser is a *punitive* one, and should not be made to apply to the innocent purchaser *where it can be avoided.* * * * No doubt it is open to say that the defendant was negligent in not informing himself of the rules and regulations of the commissioner. *Still* if the fact was that he was ignorant of them and there

was no actual bad faith, his trespassing would not subject him to the severer rule."

In Morgan v. United States, 169 Fed. 242, the court said:

> "If the defendant went upon the land and cut and removed the timber in good faith, believing that he had a right thereto, he was only answerable in damages for the stumpage value thereof, and not for the manufactured value. This is the universally recognized rule of law, and has been so applied to alleged trespass under this statute."

In the United States v. St. Anthony Railroad Company, 192 U. S. 548, the court said:

> "Although in this case it is agreed that the defendant *did not act under a mistake,* meaning thereby that the *facts* touching the status of the timber and the lands where the timber was cut were known, yet what was done was in the belief by the defendant that the lands were 'adjacent' to the line of the road and that the cutting *was legal.* It was done upon the advice of counsel and the defendant used ordinary care and prudence in first being advised *as to the law upon the facts* as they have been agreed upon, and there was no intention on the part of the defendant to violate any law or to do any wrongful act. This, we think, clearly takes the case out of the principle of those above cited, and the measure of damages must, therefore, be the value of the timber at the time and at the place where it was cut."

We submit that upon the same line of reasoning and upon the repeated holdings of the courts that where an act in violation of an order of court is done in good faith *it cannot be punished as criminal contempt*, the analogies found in the timber cases are on principle fully applicable here.

In view of the District Court's finding of *"good faith"* and of the conclusiveness of said finding; and, in view of the necessity of a finding of bad faith and wilful disregard of an injunction, to warrant the entry of a criminal judgment (Proudfit L. L. Co. v. Kalamazoo L. B. Co., 230 Fed. 120, 122; Bessette v. Conkey, 194 U. S. 324; Union Tool Co. v. U. S., 262 Fed. 431, 434), we respectfully submit the Circuit Court of Appeals erred in directing the District Court to enter a criminal judgment imposing *"such punishment as may seem proper."*

IV.

The Writ of Injunction, by Reason of Not Bearing the Teste of the Judge of the District Court, Was Void and of No Effect.

The writ of injunction herein was issued out of the District Court for the Southern District of California and does not bear teste of any judge of said court.

On the contrary, said writ of injunction bears teste of the late chief justice of this court. [Rec. 16.]

Section 1534 of the Judicial Code expressly provides:

> "All writs and processes issuing from the courts of the United States shall be under the seal of the court from which they issue, and shall be signed by the clerk thereof. Those issuing from the Supreme Court (or a Circuit Court) shall bear teste of the chief justice of the United States, or, when that office is vacant, of the associate justice next in precedence, and those issuing from a District Court shall bear teste of the judge, or, when that office is vacant, of the clerk thereof."

In view of the mandatory provisions of said law in regards to the foregoing defect in the writ of injunction, we respectfully submit the same was of no force or effect and, for this reason, the decree of the Circuit Court of Appeals adjudging petitioner in contempt, by reason of a violation of said defective writ, should be set aside.

Conclusion.

For each of the foregoing reasons we respectfully submit:

1. That the Honorable United States Circuit Court of Appeals had no jurisdiction;

2. That the furnishing of "repair parts" did not constitute contempt;

3. That there was no fact which would sustain a judgment of wilful or criminal contempt; and that, therefore, the judgment and decree of the Honorable United States Circuit Court of Appeals should be reversed and this case remanded affirming the judgment of the District Court notwithstanding respondent's writ of error.

4. That the writ of injunction was void and a nullity.

Respectfully submitted,

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FILED

JAN 23 1922

WM. R. STANSBURY

CLERK

IN THE

SUPREME COURT

OF THE

UNITED STATES

October Term, 1921.

No. 132.

Union Tool Company,

Petitioner,

vs.

Elihu C. Wilson,

Respondent.

BRIEF FOR RESPONDENT.

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INDEX.

PAGE

Statement of Case 3
Petitioner's Contentions 9
Brief of Argument 10
1. Petitioner Was Not Free to Disregard the Injunction 19
2. The Parts Supplied by Petitioner Were Not for Repairs Only 21
3. The Infringements Will Not Be Freed From Respondent's Patent Monopoly Until Full Compensation Has Been Paid 30
The District Court Abused Its Discretion 40

TABLE OF CASES CITED.

Alaska-Treadwell G. M. Co. v. Cheney, 162 Fed. 593 11
Allis v. Stowell, 16 Fed. 783 34
Barber v. Brennan, 140 Iowa 678 43
Birdsell v. Shaliol, 112 U. S. 485, 28 L. Ed. 768..33, 36
Bolles v. Outing Co., 175 U. S. 262, 44 L. Ed. 156.... 12
Brown v. Fletcher, 237 U. S. 583, 59 L. Ed. 1128.... 13
Cleary v. Ellis Foundry Co., 132 U. S. 612, 33 L. Ed. 473 12
DeLaski & Thropp Co. v. Empire R. & T. Co., 239 Fed. 139 38
Electro Bleaching Gas Co. v. Miller *et al.*, 264 Fed. 429 22
Gompers v. Buck S. & R. Co., 221 U. S. 418, 55 L. Ed. 797 ..... 19, 43
Hanover v. Allen, 208 Fed. 513 41
In re Merchants, 223 U. S. 639, 56 L. Ed. 584 11
In re Sobol, 249 Fed. 487 17
James Heekin v. Baker *et al.*, 138 Fed. 63 26

PAGE

Kryptok v. Stead Lens Co., 190 Fed. 767 33
Kelley v. Ypsilanti Dress Stay Co., 44 Fed. 19 33
Kreplik v. Couch Patents Co., 190 Fed. 565 ..... 11, 17
Leeds & Catlin Co. v. Victor Talking Machine Co., 213 U. S. 325, 53 L. Ed. 816 27
Montana Mining Co. v. St. Louis M. & M. Co., 186 U. S. 24, 46 L. Ed. 1039 12
Morgan Envelope Co. v. Albany Co., 152 U. S. 425, 38 L. Ed. 500 35
National Casting Co. v. American Steel Foundries, 182 Fed. 626 22
O'Neil v. Wolcott Mining Co., 174 Fed. 527 12
Proudfit L. L. Co. v. Kalamazoo L. L. Co., 230 Fed. 120 ..... 11, 17
Schwartz v. United States, 217 Fed. 866 17
Sherman Clay Co. v. Searchlight Horn Co., 225 Fed. 497 36
Stebler v. Riverside H. O. G. Ass'n., 211 Fed. 985 ..... 32, 33, 36
Stebler v. Riverside H. O. G. Ass'n, 214 Fed. 550 32
Stutz v. Armstrong, 25 Fed. 147 35
Thomson-Houston v. Ohio Brass Co., 80 Fed. 712 28
Tjosevig v. United States, 225 Fed. 5 15
Union Tool Co. v. U. S. A., 262 Fed. 431 7
Union Tool Co. v. Wilson, 249 Fed. 736 5
United States v. Huff, 206 Fed. 700 41
Wagner v. Meccano, 239 Fed. 901 37
Wilson v. Simpson, 9 How. 109, 13 L. Ed. 66 24
Wilson v. Union Tool Co., 237 Fed. 847 5
Wilson v. Union Tool Co., 265 Fed. 669 8
Winchester Repeating Arms Co. v. Olmstead, 203 Fed. 493 42

IN THE

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Union Tool Company,
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vs.

Elihu C. Wilson,
Respondent.

BRIEF FOR RESPONDENT.

STATEMENT OF CASE.

Before replying to petitioner's elaborate argument the respondent desires to point out wherein he disagrees with petitioner's statement of the case.

In 1904 and prior thereto the petitioner was manufacturing and selling an oil well underreamer under license and part ownership of United States Letters Patent No. 734,833 is-

sued to Edward Double, the president of the petitioner. By 1904 the respondent Wilson was marketing in commercial quantities his underreamer subsequently covered by his United States Letters Patent No. 827,595 issued in 1906. By the time this patent was issued the Wilson underreamer, because of its obvious superiority, had driven all other types of underreamers from the market and the petitioner in order to remain in this field of manufacture, departed from its own device covered by its patent and began to manufacture and sell devices in infringment of the Wilson patent. (R. 64, 81.)

These infringing devices were designated by the petitioner as follows: "Double Improved," "Type D," "Type E" and "Type F," (R 10, 11) and each succeeding "type" followed more closely the features of the Wilson invention and which had proven in practice to be essential to the design of a satisfactory underreamer.

It is important to bear in mind that the petitioner did not commit this infringement by a slight and almost inadvertent modification of his own device, as might be inferred from the statements contained in his brief. (Brief 6, 7.) On the contrary he abandoned his own device and adopted the combination of elements and mode of operation covered by combination claims 9 and 19 of respondent's patent

(R 64,81) and he did this because his own device was unsatisfactory and could not compete with respondent's underreamer (R 81), and also because, as found by the District Court, there was "a sedulous desire and disposition on the part of the defendant (petitioner) to do everything he could do, and keep out of jail, and yet take advantage of the things that this man Wilson (respondent) had invented." (R 81.)

In the resulting litigation the District Court for the Southern District of California, Southern Division, sustained respondent's patent and held that petitioner's aforesaid devices infringed claims 9 and 19 thereof (Wilson v. Union Tool Co., 237 Fed. 847). This decision was affirmed by the Circuit Court of Appeals. (Union Tool Co. v. Wilson, 249 Fed. 736.) Interlocutory decree was accordingly entered and injunction issued. (R. 6, 14.)

The petitioner, however, continued to manufacture and sell *extra, spare and repair parts and elements* for and to be used with its infringing underreamers theretofore sold by it. (R 57, 97.) Also it began to manufacture and sell two "types" of underreamers known as its "Pocket Type" and "U Type" which were not even colorable changes from its previous infringements but actually were the same as the devices whose further manufacture and sale were prohibited by the injunction. (R. 97.)

Contempt proceedings were accordingly instituted by the respondent and the trial court, after finding the facts as above stated, fined the petitioner five thousand dollars ($5000), one-half of which sum was to be paid to respondent as a reasonable portion of his expenses incurred in said contempt proceedings. (R 98.) The court also found that the petitioner had manufactured and sold the extra, spare and repair parts and elements for its infringing underreamers notwithstanding the plain prohibitions of the injunction, but it purged or pardoned the petitioner of this contempt.

Petitioner promptly sued out a writ of error to the Circuit Court of Appeals for the Ninth Circuit contending that the trial court committed error in assessing the punitive portion of the fine for the contempt in manufacturing and selling the "Pocket Type" and "U Type" underreamers when the said court stated *with regard to this particular act of contempt* that it actually indulged in the mental reservation that the petitioner had not acted in bad faith. (R 88.)

The respondent sued out a cross writ of error from the trial court's decision alleging as error and abuse of discretion the purging or pardoning of the petitioner's wilful contempt, as found by the trial court, in the manufacture and sale of the extra, spare and repair parts and ele-

ments for petitioner's devices, when this very thing was prohibited by the injunction.

The respondent then moved the court for such a continuance of the hearing of the writ as would permit it to be heard coincidently with the cross writ in conformity to the Appellate Court's rule 25 requiring appeals and cross appeals to be argued together as one case. This motion was denied and on January 5, 1920, a decision was handed down on petitioner's writ of error affirming the remedial portion thereof but reversing the portion of the decree assessing a punitive fine.

This decision was based on a statement made by the lower court while discussing respondent's motives in making and selling the "Pocket Type" in violation of the injunction. (R 88.) (Union Tool Co. v. U. S., 262 Fed. 431.)

Subsequently (on May 17, 1920), the Appellate Court rendered its decision on respondent's cross writ holding that the lower court had abused its discretion in purging the petitioner of contempt after finding it guilty of making and selling extra, spare and repair parts and elements for its infringing devices, when same was clearly prohibited by the injunction. That portion of the lower court's decree purging or pardoning the petitioner of the contempt so found, was reversed and the cause remanded with directions to impose such punishment as

might seem proper. (Wilson v. Union Tool Co., 265 Fed. 669.) (R. 127.)

Petitioner's motion for rehearing was thereafter denied and the cause now comes before this court upon a writ of certiorari.

The punitive and remedial fines both resulted from the contempt committed by petitioner in manufacturing and selling the "Pocket Type" and "U Type" underreamers. Both were reviewed by the Appellate court upon petitioner's writ of error.

The decision of the Appellate Court now to be reviewed refers only to the contempt committed by petitioner in manufacturing and selling the extra, spare and repair parts and elements for use with its infringements sold theretofore. (R. 128.)

The trial court in effect found petitioner guilty of contempt in manufacturing and selling these parts and elements because otherwise there would have been no contempt in this regard for the District Court to purge.

This writ of certiorari raises the question as to whether or not the Appellate Court had jurisdiction to review the District Court's abuse of discretion in purging or pardoning the petitioner for violating the plain terms of the injunction.

The controlling facts have been disregarded throughout petitioner's brief, namely:

1. That the trial court found as a fact that petitioner had wilfully and, therefore, criminally violated the injunction when it manufactured and sold the extra, spare and repair parts and elements to be used with its infringements designated in the interloctutory decree; and this finding of criminal contempt was not considered or much less, disposed of by the Appellate Court's decision on petitioner's writ of error.

2. That these parts and elements manufactured and sold by petitioner were not substantially to be used for the purpose of repairing petitioner's infringements; they were *extra* and *spare* parts as well as repair parts and were sold in anticipation of wear and breakage and for the purpose of facilitating the use of the infringements.

The petitioner's contentions can be divided into two arguments:

I.

That the Appellate Court lost jurisdiction to consider the errors assigned under the cross writ of error when it decided the errors assigned under the writ of error.

II.

That petitioner was justified in disregarding the injunction and, therefore, the District Court rightly purged or pardoned the contempt.

Brief of Argument.

We will first consider petitioner's contention that the Appellate Court lost jurisdiction to consider the errors assigned under the cross writ of error when it decided the errors assigned under the writ of error.

Petitioner contends, that when the Appellate Court reversed the trial court's order assessing the punitive fine that the petitioner was acquitted of all wilful contempt. Therefore to again review the trial court's decree on the cross writ was to place the petitioner twice in jeopardy and in effect to review and reverse a judgment of acquittal.

Petitioner argues further that by reversing the finding of wilful contempt the Appellate Court in effect declared the trial court's decree to be only a finding of civil contempt and that the respondent's cross writ of error thereby abated and the only method of review is by way of appeal and that an appeal would not lie except from final decree in the main cause.

Had the Appellate Court granted respondent's motion to hear the writ of error and the cross writ of error coincidently the petitioner could not have questioned the Appellate Court's jurisdiction in either proceeding. This must be conceded even if petitioner's assumption were true that the cross writ of error raised only a civil element of the trial court's decree. The

law is well established that where punitive and remedial fines are assessed in a contempt proceeding the case will be regarded as a criminal proceeding. (*In re.* Merchants, 223 U. S. 639, 56 L. Ed. 584.) But the criminal and civil aspects of such a case may properly be included in one proceeding under a writ of error. (Proudfit L. L. Co. v. Kalamazoo L. L. Co., 230 Fed. 120.) While, in such a proceeding the criminal element will dominate, this does not exclude the civil element from being considered. (Kreplik v. Couch Patents Co., 190 Fed. 565.) Therefore, if the respondent's cross writ of error had assigned as error a civil element of the trial court's decree it would properly have been heard with the petitioner's writ of error assigning the criminal element of that decree.

However, it was within the discretion of the Appellate Court to hear the writ and cross writ separately and we agree with petitioner that in such a case the cross writ does not depend upon the writ for its jurisdiction. Both lie to the decree sought to be reviewed and the errors assigned in the writs are separate and distinct. (Alaska-Treadwell A. M. Co. v. Cheney, 162 Fed. 593.)

The petitioner recognized the criminal character of the judgment of the trial court when it applied for a writ of error instead of proceeding by way of appeal. The only manner in which the respondent could obtain a review of

such errors of the trial court as were not assigned by the petitioner on its writ of error was by way of a cross writ. (Montana Mining Co. v. St. Louis M. & M. Co., 186 U. S. 24,, 46 L. Ed. 1039.) He could not confer jurisdiction upon the Appellate Court to review the adverse portions of the lower court's decree by assigning cross errors. (Bolles v. Outing Co., 175 U. S. 262; 44 L. Ed. 156; Cleary v. Ellis Foundry Co., 132 U. S. 612, 33 L. Ed. 473; O'Neil v. Wolcott Mining Co., 174 Fed. 527.)

Therefore the petitioner's writ of error and the respondent's cross writ of error although heard separately were practically one proceeding in review of the trial court's decree. The Supreme Court pointed out in Montana Mining Co. v. St. Louis M. & M. Co., 186 U. S. 24, 46 L. Ed. 1039, that embarrassment might arise by treating such a proceeding as this as two separate and independent cases as petitioner contends should now be done. (Brief 18.)

We submit, therefore, that merely because the petitioner's writ was heard before the cross writ, this did not preclude the Appellate Court from reviewing the other elements of the trial court's decree and particularly in view of the fact that the respondent had protected his rights by moving that court to hear the writs together in accordance with the rules of the Appellate Court.

This would certainly be true even though the cross writ of error assigned errors referring only to the civil portions of the trial court's decree. However, the errors assigned by respondent in his cross writ referred to a finding of the District Court which the Appellate Court found as a fact was a finding of wilful and therefore criminal contempt. (R. 131.) The respondent's cross writ of error, therefore, lies to a finding of wilful contempt by the District Court and this finding of fact was not disturbed by the Appellate Court (R. 131), nor will it be reviewed by the Supreme Court under this writ of certiorari. (Brown v. Fletcher, 237 U. S. 583, 59 L. Ed. 1128.) The Circuit Court of Appeals under the cross writ of error merely reviewed the District Court's abuse of discretion in refusing to apply the law to the fact which it had found.

This finding of fact by the District Court that the petitioner had wilfully violated the injunction in a manner separate and distinct from its manufacture and sale of the "Pocket Type" and "U Type" underreamers will be made clear from the following quotations:

The injunction prohibited the petitioner "From manufacturing or causing to be manufactured, selling or causing to be sold * * * any part or parts or elements calculated and intended to be combined or used as a feature of

any underreamer or device in infringement of Letters Patent No. 827,595 (being the letters patent sued on in this cause), that is of claims 9 and 19 thereof, in any manner whatsoever, or from manufacturing or causing to be manufactured, using or causing to be used, selling or leasing or causing to be sold or leased, either directly or indirectly, any combination of parts or elements or features capable of being assembled together or used in infringement of said Letters Patent No. 827,595, that is, of claims 9 and 19 thereof. (R. 15.)"

Before the hearing in the trial court the petitioner and respondent entered into a stipulation of agreed facts. (R. 56.) Among other facts agreed upon this stipulation contains the following admission by the petitioner:

"That the defendant herein, since the service of the injunction in this cause on November 14, 1918, has manufactured and sold, and intends, unless otherwise ordered by this court, to continue to manufacture and sell cutters, springs, spring rods, keys, cotter-pins, and all parts except bodies, as "extra" or repair parts for and to be used with the underreamers particularly referred to and described in the interlocutory decree and injunction aforesaid in this cause (except Type F reamers) and which were sold by the defendant to dealers and users prior to the service of said injunction. (R. 57, 58.)"

The trial court found as follows:

"That the defendant, Union Tool Company, has since the issuance and service of the said injunction offered for sale and sold extra, spare and repair parts and elements for, and to be

used with, its devices sold prior to the issuance and service of said injunction, but it is purged of contempt in that particular behalf, without prejudice to the right on the part of the plaintiff to renew its application hereafter. (R. 97, 98.)"

The foregoing quotations plainly show and the District Court properly found that the petitioner had wilfully and deliberately violated the injunction by manufacturing and selling the extra, spare and repair parts for his infringing reamers. This wilful contempt was separate and distinct from the contempt committed by the manufacture and sale of the "Pocket Type" and "U Type" underreamers and because of which the punitive and remedial fines had been assessed.

The respondent's cross writ of error, therefore, lies to a decree containing a finding of wilful and therefore criminal contempt which was not reviewed by the Appellate Court on the hearing of the writ of error.

This finding of fact by the District Court could not be disturbed by the Circuit Court of Appeals.

> "The Circuit Court of Appeals in a contempt case is limited to a review of matters of law, and cannot disturb a finding ~~of~~ on the facts, if supported by any competent evidence."—Tjosevig v. United States, 255 Fed. 5, C. C. A. Ninth Circuit.

The facts stated above show very conclusively that the Appellate Court's decision on petitioner's writ of error reversing the finding of wilful contempt with regard to the manufacture and sale of the "Pocket Type" and "U Type" reamers did not dispose of the other criminal element of the trial court's decree with regard to the manufacture and sale of the extra, spare and repair parts and elements.

The assignment of errors under the cross writ of error was directed to the pardoning or purging of this latter criminal element by the trial court and in considering the cross writ the Appellate Court was not reviewing a judgment of acquittal, as the petitioner erroneously concludes. Nor did the Appellate Court reverse a judgment of criminal contempt when it *accepted the District Court's finding* of criminal contempt and held that the petitioner should be punished and not pardoned in that behalf.

Petitioner presents a vast amount of argument under five subdivisions (brief, 21-46), to show that the Circuit Court of Appeals was without jurisdiction to review the District Court's error in purging the petitioner of the wilful contempt of which the said court found the petitioner guilty. The whole argument, however, disregards the above explained facts and for this reason will not be answered in detail.

Petitioner professes to believe that a contempt proceeding may not develop a criminal element unless same is prosecuted by the people or their representative. (Brief, 26.)

However, contempt proceedings which develop both criminal and civil aspects are generally civil suits in which the court finds that the violation of the injunction was wilful and contumacious. (Kreplik v. Couch Patents Co., 190 Fed. 565; *In re.* Sobol, 249 Fed. 487; Proudfit L. L. Co. v. Kalamazoo L. L. Co., 230 Fed. 120; Schwartz v. U. S., 217 Fed. 866.) Such was true in the instant case. The criminal element did not appear until decision was rendered by the trial court. At this time the respondent brought the matter to the attention of the United States District Attorney for the district in question, but he declined to assist in the case. Likewise the instant writ of certiorari has been brought to the attention of the United States Solicitor General but he does not see his way clear to intervene.

The petitioner was, therefore, the only party interested in taking out a cross writ of error and he was a proper party to do so notwithstanding the criminal nature of the decree because all parties on the record who are injuriously affected by such a decree may appeal or sue out a writ of error. (Foster's Federal Procedure, Sec. 697, p. 2445.)

II.

We will next discuss the petitioner's second contention that petitioner was justified in disregarding the injunction and, therefore, the District Court rightly purged or pardoned the contempt.

In this contention, as in the petitioner's argument above considered, the weakness lies in the fact that the premises assumed by petitioner are wrong.

These may be enumerated as follows:

1. Petitioner was not justified in disregarding the injunction even if it were wrong; but he was obliged to obey same until it was modified or dissolved.

2. The parts manufactured and sold by petitioner for its infringing underreamers were not for repairs only, but were extra and spare parts not only for anticipating breakage but for augmenting drilling operations.

3. The respondent has not, as yet, recovered any compensation from the petitioner for the infringement and the infringing devices will not be released from respondent's patent monopoly until full compensation has been paid to respondent.

1. **Petitioner was not Justified in Disregarding the Injunction Even if it Were Wrong; but He was Obliged to Obey Same Until it was Modified or Dissolved.**

Had the petitioner believed that the infringements previously sold by it were released from respondent's patent monopoly by the interlocutory decree this would not justify his wilful and deliberate violation of the commands of the injunction inhibiting his manufacture and sale of the extra, spare and repair parts for use with the infringing underreamers.

Even though an injunction is improvidently granted or is made broader than the terms of the court's decree will warrant, it must be obeyed until it is modified or dissolved. (Walker on Patents, 5th Ed., Sec. 709, p. 799.)

> "If a party can make himself a judge of the validity of orders which have been issued, and by his own act of disobedience set them aside, then are the courts impotent, and what the Constitution now fittingly calls the 'judicial power of the United States' would be a mere mockery." (Gompers v. Buck S. & R. Co., 221 U. S. 418, 450, 55 L. Ed. 797, 809.)

This was the responsibility assumed by the petitioner when it refused to give heed to the plain commands of the injunction prohibiting the further manufacture, sale or use of the parts and elements of the respondent's patented

combination device. It now contends that its own acts of disobedience have set aside this portion of the order of the court.

Had the petitioner believed the court should not enjoin it from manufacturing and selling the parts and elements for use with its infringements, it nevertheless was not free to disregard such injunction. Petitioner's proper course was to apply for an order to correct the writ and thus test his conclusion, but while the injunction remained in force it should have been obeyed. (Walker on Patents, 5th Ed., Sec. 709, and cases cited.)

At no time did the petitioner question the form of the injunction, as entered by the trial court, and we may reasonably conclude that petitioner assumed the injunction was in accord with the decree. In these circumstances petitioner was not free to disregard same and to do so was contempt. In view of the plain and specific nature of the inhibitions of the injunction the petitioner's wholesale disregard thereof could only have been deliberate, wilful and contumacious.

We submit, therefore, that had the injunction prohibited only acts which were otherwise perfectly legal, as argued by petitioner, this does not mean that petitioner could disregard the injunction.

The things injunctions prohibit are ordinarily legal otherwise. The general laws prohibit wrongful acts and injunctions would not add to their forcefulness. In the instant case the injunction prohibited the manufacture and sale by the petitioner of the extra, spare and repair parts and elements of the infringing and enjoined devices. The petitioner disregarded the injunction and defends himself by saying that the furnishing of *repair* parts was not otherwise illegal. We may conclude that petitioner believes that injunctions should prohibit only acts which are illegal.

2. The Parts Manufactured and Sold by Petitioner for its Infringing Underreamers Were not for Repairs Only but Were Extra and Spare Parts not Only for Anticipating Breakage but for Augmenting Drilling Operations.

The petitioner attempts to justify its contempt by contending that the parts it furnished for use with its infringements were for *repairs* only. (Brief, 46.) Petitioner very carefully avoids all reference to the finding of the District Court and the Appellate Court that it also furnished *extra and spare* parts and elements for its infringing underreamers. Nowhere in its brief does it refer to, much less attempt to justify, its supplying of *extra* and *spare* parts to the users in anticipation of repairs.

These extra and spare parts are not to be included within the doctrine of the right of the user of a patented device to repair same. The operation of drilling a well is greatly expedited by having a supply of extra and spare cutters with which the dull cutters can be replaced, thus permitting the underreamer to resume its work while the dull cutters may be sharpened at leisure. *This is not repairing the underreamer.* This is supplying extra parts in advance of the need thereof.

> "The parts supplied by the defendant are not strictly repairs. The defendant does not actually repair a defective part; it supplies new parts to railroad companies in advance of the actual need thereof. * * * As a result, many new locks are put in operation while the old ones which they replace are in perfect serviceable condition. Such a replacement is not a repair of the lock. (National Casting Co. v. American Steel Foundries, 182 Fed. 626, 640.)"

> "The right of replacement, improvement, substitution, or resupplying of an element of a patented apparatus depends entirely on whether the purpose is legitimate repair in the sense of restoration of a worn-out or broken part" (Electro Bleaching Gas. Co. v. Miller *et al.*, 264 Fed. 429.)

The above authorities explain one of the distinctions between an extra or spare part and a repair part. Where one of these extra or

spare cutters is put in operation while the old cutter replaced by it is perfectly serviceable, requiring only to be sharpened, is in no sense to be considered as repairing the underreamer.

Another distinction between repairing and supplying extra and spare parts is that repairing does not increase the number of devices in the hands of a user.

> "* * * whereas, in case of repair or replacement authorized by the implied license," (to repair a patented device), "no greater number than that furnished by the complainant would belong to the user." (National Casting Co. v. American Steel Foundries, *supra.*)

By supplying extra and spart parts and elements in disregard of the injunction the petitioner has enabled the users of his infringements not only to reconstruct them from time to time but to run these infringing underreamers continuously while dull cutters are replaced from a supply of spare ones and sharpened at leisure. These extra and spare parts and elements supplied by petitioner in defiance of the injunction were intended to augment drilling operations rather than to repair disabled reamers.

In addition to the extra, spare and repair cutters, the petitioner has manufactured and sold to dealers and users, under the guise of repairs,

great numbers of springs, spring rods, keys, cotter pins, etc., and all the elements of the patented combination except bodies. (R. 57, 58.) These elements are intended by the manufacturer to last as long as the combination and cannot be said to be rapidly wearing parts, as petitioner would have this court believe. (Brief, 47.) They may be repaired but not replaced. This distinction between a part which may be repaired and one which may be entirely replaced in a patented device is pointed out by Mr. Justice Wayne in Wilson v. Simpson, 9 How. 109, 13 L. Ed. 66, as follows:

> "The right of the assignee to replace the cutter knives is not because they are of perishable materials, but because the inventor of the machine has so arranged them as a part of its combination, that the machine could not be continued in use without a succession of knives at short intervals. Unless they were replaced, the invention would have been but little use to the inventor or to others. The other constituent parts of this invention, though liable to be worn out, are not made with reference to any use of them which will require them to be replaced. These, without having a definite duration, are contemplated by the inventor to last so long as the materials of which they are formed can hold together in use in such a combination. No replacement of them at intermediate intervals is meant or is necessary. They may be repaired as the use may require. With such intentions, they are put into the structure.

> So it is understood by a purchaser, and beyond the duration of them a purchaser of the machine has not a longer use."

The test of what is a repair as distinguished from a replacement and how far a user may replace the elements of a patented combination is explained in the above quotation. The doctrine therein propounded distinctly shows that petitioner could not manufacture and sell all the elements of this patented combination except the body and defend himself in so doing by the doctrine of repairs. Furthermore, petitioner manufactured and sold bodies for its "Pocket Type" and "U Type" underreamers which were not even colorably different from the enjoined types. Plainly with this body and a set of the extra parts freely supplied by the petitioner anyone could assemble a new infringing underreamer. However, even though petitioner supplied all the elements of respondent's patented combination except the bodies (R. 58), the fact that the combination, as manufactured and sold by him for others to assemble, is incomplete would not avoid infringement of respondent's patent.

> "Infringement of a patent for a combination is not avoided by omitting one element of the combination, where such element is essential to the successful operation of the alleged infringing device, and it is intended that it or its equivalent shall

be supplied by users." (James Heekin v. Baker *et al.*, 138 Fed. 63.)

If the parts so furnished by petitioner are assembled or used by another in infringement of respondent's patent, admittedly the respondent would be guilty of contempt of the injunction.

Petitioner urges, however, that "the writ of injunction did not enjoin petitioner generally from making, using or selling all such parts, but enjoined petitioner only from making, using or selling any parts or elements to be combined or used as a part of any underreamer in infringement of respondent's patent." (R. 48.)

As we read the injunction it means that petitioner may not manufacture or sell parts or elements calculated and intended to be combined or used in infringement of respondent's letters patent. (R. 15.)

This is stated again in the body of the injunction where it prohibits the manufacture or sale by petitioner of "any combination of parts or elements or features capable of being assembled together or used in infringement of said Letters Patent No. 827,595, that is, of claims 9 and 19 thereof." (R. 15.)

Petitioner argues that it was free to manufacture and sell the elements of respondent's patented combination because those elements were not separately patented. (R. 50.) The

same argument was advanced in the case of Leeds v. Catlin v. Victor Talking Machine Co., 213 U. S. 325, 53 L. Ed. 816, and was disposed of by the court in the following language:

> "It is further contended by petitioner that the disc records, being unpatented articles of commerce, which could be used upon the mechanical feed-device machine or exported to foreign countries, or concededly for repair of machines sold by respondent, petitioner could legally sell the same. A detailed comment on this contention or of the cases cited to support it we need not make. The facts of the case exclude petitioner from the situation which is the foundation of the contention. *The injunction did not forbid the use of the records, except in violation of claims 5 and 35 of respondent's patent.* The judgment for contempt was based upon the facts which we have detailed, and they show a sale of the records for use in the Victor machine, 'an entirely voluntary and intentional' (to use the language of Judge Lacombe) 'contributory infringement.'"

The petitioner's assertion that no infringement is committed by the unlicensed manufacture and sale of the unpatented elements of a patented combination probably will not be accepted seriously by this court.

The petitioner argues that even an injunction cannot validly, prohibit such an invasion of a patentee's monopoly. Petitioner will find no justification in law for this argument. Not only

was petitioner guilty of contempt in manufacturing and selling the extra, spare and repair parts and elements to be assembled by others but to do so constitutes contributory infringement. Petitioner admits that his defiance of the injunction amounted to contempt if the sale of the unpatented elements of the invention was an act of infringement.

The subject of contributory infringement is well reviewed in Thomson-Houston v. Ohio Brass Co., 80 Fed. 712, and reference thereto will set aside all doubt regarding the petitioner's contention that anyone is free to manufacture and sell the unpatented elements of a patented combination. In that case Judge (now chief justice) Taft said:

> "It is well settled that where one makes and sells one element of a combination covered by a patent with the intention and for the purpose of bringing about its use in such a combination he is guilty of contributory infringement and is equally liable to the patentee with him who in fact organizes the complete combination. The leading case on the subject is Wallace v. Holmes, 9 Blatch, 65, 29 Fed. Cas. 79. * * * The contention of the counsel for defendant, if we understand it, is that the effect of the decision of the Supreme Court in the case of Morgan Envelope Company v. Albany Perforated Wrapping Paper Co., 152 U. S. 425, 14 Sup. Ct. 627, is to do away altogether with the doctrine

of contributory infringement. If this is a proper reading of the judgment of the Supreme Court in that case it was a somewhat startling departure from previously understood principles ~~of~~ the law of torts. An infringement of a patent is a tort analogous to trespass or trespass on the case. From the earliest times, all who take part in a trespass, either by actual participation therein or by aiding and abetting it, have been held to be jointly and severally liable for the injury inflicted. There must be some concert of action between him who does the injury and him who is charged with aiding and abetting, before the latter can be held liable. When that is present, however, the joint liability of both the principal and the accomplice has been invariably enforced. If this healthful rule is not to apply to trespass upon patent property, then, indeed, the protection which is promised by the Constitution and laws of the United States to inventors is a poor sham. *Many of the most valuable patents are combinations of* ~~un~~*patentable elements,* and the only effective mode of preventing infringement is by suits against those who, by furnishing the parts which distinguish the combination, make it possible for others to assemble and use the combination, and who, by advertisement of the sale of such parts and otherwise, intentionally solicit and promote such invasions of the patentee's rights."

Petitioner admits that, in defiance of the injunction, he manufactured and sold, for others to assemble, *extra* and *spare* parts and *elements*

as well as repair parts and in view of the above authority this was contributory infringement. The parts so supplied were used in infringement of respondent's patent and the petitioner admits that if this is true he is guilty of wilful contempt of the injunction.

3. The Respondent has not, as Yet, Recovered any Compensation From the Petitioner for the Infringement and the Infringing Devices Will not be Released From Respondent's Patent Monoply Until Full Compensation has Been Paid to Respondent.

In arguing this matter petitioner correctly states the law as follows:

> "The patentee's *receipt* of complete compensation for the use of his patented invention in an infringing device, frees such device from the patent monoply." (Brief 54, ll. 19-23.) "* * * and the patentee *recovers* from the infringer full compensation etc." (Brief 55, ll. 3-4.)
>
> "* * * after the owner of the patent thereon *has been so fully compensated* etc." (Brief 55, ll. 7-8.)
>
> "Therefore, the rule is well established that *receipt of full* compensation, etc." (Brief 55, ll. 22-23.)
>
> "An *actual recovery* of a full royalty, etc. (Brief 55, l. 29.) "* * * If the avails of the sales are claimed *and taken,* etc." (Brief 56, l. 24.)

> "* * * the patentee, in demanding *and recovering full compensation,* etc." (Brief 57, l. 17.)

Petitioner, after correctly stating the law that the infringements will not be free until the respondent has received full compensation, then assumes that:

> *"When the patentee elects to sue* and does sue the manufacturer for full compensation, he must be deemed to have *thereupon* freed, from his patent monopoly, the devices covered thereby and sold by the manufacturer, etc." (Brief 58, ll. 1-5.)

Also that:

> "* * * *an interlocutory decree,* awarding the patentee such full compensation in a suit against the manufacturer, *frees the devices* in the hands of the purchasers *pending final decree,* etc." (Brief 58, ll. 16-20.)

The error of petitioner's argument lies in the fact that the infringing devices will not be released from respondent's patent monopoly until the respondent *has received* full compensation for the trespass committed by the petitioner. This is the law of the Ninth Circuit and other circuits notwithstanding petitioner represents that he relied upon his own interpretation thereof. (R. 84.)

In Stebler v. Riverside Heights O. G. Assn., 211 Fed. 985, the trial court stated the law as follows:

> "Where a patentee, situated as complainant, recovers from an infringing manufacturer damages and profits on account of the infringement, *and the judgment is paid,* the purchaser from such manufacturer, who is a user of the machine, has the same right to such use as he would have were he a licensee ~~of~~ from the patentee; that is, the right to use continues during the life of the patented machine."

In Stebler v. Riverside Heights O. G. Assn., 214 Fed. 550, upon which petitioner relies, the court makes it clear that the full compensation must be paid before the infringing devices are released from the patented monopoly. The statement of the court is as follows:

> "It therefore falls within the rule stated by the court that if the plaintiff has been deprived of his property by two wrongdoers, and *has received full compensation* from one of them, the other is exempt."

The reason a decree for damages and profits against the petitioner will not release the infringing devices until the respondent *has received* full satisfaction, lies in the fact that this decree does not necessarily represent all the profits and damages involved and a recovery thereof may not be full satisfaction. This is

well explained in Kryptok Co. v. Stead Lens Co., 190 Fed. 767, 770:

> "The owner of a patent cannot recover, in a suit against a manufacturer of an infringing article which he sells to retailers, the full relief to which he is entitled in suits against retailers, and a decree for an injunction and damages against a manufacturer is no bar to suits against those who purchase from the manufacturer and use or sell to others."

In the Stebler case, relied upon by petitioner, both the patentee and manufacturing infringer sold direct to *users only*, and all the profits and damages were directly involved in the action. In the instant case, however, both the patentee (respondent) and the manufacturing infringer (petitioner) sell *to dealers and resellers* and it is possible that the retailer's profit may not be recovered in this accounting. If not, the respondent may elect to proceed against either the resellers or the users for the retailer's profit. (Birdsell v. Shaliol, 112 U. S. 485, 28 L. Ed. 768; Kelley v. Ypsilanti etc. Mfg. Co., 44 Fed. 19.

This distinction is referred to as controlling in the case of Stebler v. Riverside Heights O. G. Assn., 211 Fed. 985, as follows:

> "Complainant has thus far utilized his patent by manufacturing and selling *directly to users* his patented machines, and

> in this case has sued for and recovered of infringing manufacturers, who *also sold* directly to users, profits and damages."

It is plain, therefore, that in the Stebler v. Riverside Heights case all of the profits and damages due to the infringement were involved in the decree for profits and damages and recovery thereof would be full compensation. In such circumstances it was reasonable to enjoin the prosecution of suits against the users of the infringements pending the outcome of the main suit. This was the only question involved in the Stebler case. It fell far short of holding that the manufacturing infringer could continue to manufacture and supply the users with the elements of the combination even though this was prohibited by an injunction.

It is interesting to note that all the cases quoted by petitioner except the Stebler case emphasize the doctrine that full compensation *must be paid* to the patentee before the infringements are freed from the patented monopoly.

Allis v. Stowell, 16 Fed. 783 (brief 60), refers to the *recovery* of profits and damages, or where a patentee *recovers* from an infringing manufacturer as the element necessary to release the infringement to the user. In this case the court said:

> "To effect such a result it must further appear that the patentee's claim to profits and damages against the manufacturer has been actually paid and satisfied."

Stutz v. Armstrong, 25 Fed. 147 (brief 61) says that if the patentee "elects as his measure of damages the full license fee established by himself, the *payment thereof* operates to vest in the defendant the right to use the machine during the term of the patent, or until that particular machine is worn out." Also, this decision pronounces this rule to be "in harmony with the general rules that *satisfaction of a judgment* for the value of property wrongfully converted transfers the title to the defendant." In this case the court asked that the decree be "so framed as to assure to the defendants, *upon making satisfaction,* the future use of these machines, or such of them as still exist."

Yet petitioner quotes this case to show that it is the election to sue and not the payment of the full measure of damages which releases the infringement; that it is the judgment and not its satisfaction which transfers the title of the wrongfully converted property.

In Morgan Envelope Co. v. Albany Co., 152 U. S. 425, 38 L. Ed. 500 (brief 62), the court says that "the patentee having once *received* his royalty upon such device, he cannot treat the subsequent seller or user as an infringer."

In Birdsell v. Shaliol, 112 U. S. 485, 28 L. Ed. 768, it was held that nominal damages were *not complete compensation* for an infringement and that a suit in which such a recovery was made would not bar the owner of the patent from suing the users of the infringements until he had recovered complete compensation. Petitioner describes this case in detail twice (brief 63, 65), in an attempt to show that it is not in accord with the other authorities.

The case of Stebler v. Riverside Heights O. G. Assn. (214 Fed. 550) is the only authority which seems to hold that a *decree* awarding profits and damages would free the infringements from any further claim by the patentee. If this is the interpretation to be placed upon that opinion that court hastened to correct its departure from the established law in this regard, by a well studied decision in Sherman Clay & Co. v. Searchlight Horn Co., 225 Fed. 497, 500, as follows:

> "But, if it be conceded that * * * a recovery against a prior seller would operate as a release of the device from the monopoly in the hands of a subsequent dealer in the same articles as previously sold, it must also be conceded that the owner has the lawful right to sue any dealer who is making merchandise of his patented articles. All dealers in such articles without a license from the patentee are alike ~~joint~~ tort-feasors, and all are alike

> amenable to damages *until the patentee is compensated* for the damages sustained, and all may alike be enjoined from so dealing in such articles."

The respondent has not yet received any damages or profits as a result of the decree. Until there has actually been a full satisfaction of profits and damages to the respondent it cannot be assumed that such will eventuate without fail. The infringing devices cannot be freed from the respondent's patent monopoly on an uncertain contingency.

In Wagner *et al.* v. Meccano, Ltd., 239 Fed. 901, the Circuit Court of Appeals for the Sixth Circuit disagrees with the ruling in Stebler v. Riverside Heights (*supra*) and says in reference to it:

> "And this latter case (Stebler v. Riverside), so far as concerns its declared principle, is at least greatly modified by the later decision of the same court in Sherman v. Searchlight, 225 Fed. 498."

Manifestly the Appellate Court of the Sixth Circuit disagrees with petitioner's statement (brief 84, l. 22), in reference to the *dictum* relied upon in the Stebler case that " this was the rule of law of the district and circuit" at the time this contempt was committed. In the above cited case the Circuit Court of Appeals states its own rule to be quite different from

that of the Stebler case and is obviously in accord with Sherman v. Searchlight (*supra*), Birdsell v. Shaliol (*supra*) and the other authorities referred to heretofore.

In De Laski & Thropp Co. v. Empire R. & T. Co., 239 Fed. 139, the Stebler v. Riverside case is said to be in conflict with the rule laid down by the Supreme Court in Birdsell v. Shaliol (*supra*), and the court then holds that:

> "* * * it has been uniformly held that recovery of such compensation from one (infringer) does not entitle another, whether a purchaser or licensee, to thereafter use the infringing article without the consent of the patentee (citations). And such seems to be the proper rule to be deduced from Birdsell v. Shaliol."

The petitioner relies upon the Stebler case to justify his sale of extra, spare and repair parts to users of his infringements in spite of the injunction when all that the Stebler case held was that suits could not be brought against the users until the termination of the suit against the manufacturing infringer because all the profits and damages due to this infringement were represented in that suit. It is to be noted that the court in that case, enjoined the bringing of suits against the users only "until the rendition of the judgment of the court upon the master's report on the accounting."

It is plain, therefore, that the court had in mind only that a multiplicity of suits was unnecessary and would be enjoined until the termination of the main suit. If the recovery in the main suit were not full and complete the joint tort feasors, who were the users, would no longer be immune from litigation and the infringements would not longer be free from the patentee's monopoly.

Where the whole profit and damages due to the infringement are not represented in the suit against the manufacturing infringer the resellers, users and other joint tort feasors, are not immune from prosecution for the gains and damages due to their acts and the infringements cannot be freed from the patent monopoly till full compensation *has been recovered* by the patentee. To hold otherwise would be to deprive the patentee of his equities while the statute of limitations was running against him.

The differentiating circumstances above enumerated obtain in the instant case. The main suit does not and cannot involve all the profits due to the trespass and the respondent can pursue his remedy against dealers and users and can enjoin their further trespass until he has recovered full compensation for the infringement. If the respondent does *recover full compensation* for this trespass from one or more of the joint tort feasors, then and not before, will

the remainder of the joint tort feasors be free from prosecution and then, and not before, will the infringements in their hands be freed from the respondent's patent monopoly *to the same degree as though the respondent had made and sold them.* They will not even then be freed to the extent that unlicensed manufacturers may manufacture and sell the elements thereof for others to assemble into infringements, as petitioner professes to believe. (Brief, 52.)

This does not mean that the patentee is demanding two remedies for one wrong any more than that a judgment for the wrongful conversion of property and satisfaction of that judgment are two remedies. The interlocutory decree herein declares the petitioner's devices to be infringements but it does not at the same instant free them from the respondent's patented monopoly.

To hold otherwise would be to accept this paradox.

The Trial Court Abused its Discretion When it Purged the Petitioner of Contempt After it had Found Petitioner Guilty of Contempt in Manufacturing and Selling the Extra, Spare and Repair Parts to be Used With its Infringements.

The District Court failed to understand the procedure of purging of contempt. Under the

common law a person charged with contempt could purge himself by swearing that in doing the act charged he did not intend to commit a contempt. (Cyclopedic Law Dictionary. Bouvier's Law Dictionary.)

The petitioner did not so purge his contempt herein, nor could he; because the Federal courts do not recognize the common law rule of purgation. They leave the question of commission of contempt to be determined by proof adduced upon the hearing. (United States v. Huff, 206 Fed. 700.)

In the instant case the proofs adduced convinced the trial court of the guilt of the petitioner and the court so found. In purging the petitioner of this contempt the court merely pardoned the petitioner of an offense which the respondent had proved and petitioner had admitted. This was a gross abuse of discretion on the part of the District Court and the Appellate Court had power to correct same. (*In re.* Sobol, 242 Fed. 487.)

The discretion of a court must be "legal discretion" and not merely the individual view or will of the particular chancellor. (Hanover v. Allen, 208 Fed. 513.) A complainant labors under many difficulties in proving a violation of an injunction and when he has conclusively established his case he may reasonably expect the court to vindicate the law unerringly. While

the matter of punishment is within the sound discretion of the trial court "such discretion does not extend to a refusal to apply well-settled principles of law to a conceded or indisputable state of facts." (Winchester Repeating Arms Co. v. Olmstead, 203 Fed. 493, and citations.)

The District Court itself found and the petitioner admitted that petitioner had done the very act prohibited by the injunction in manufacturing and selling the extra, spare and repair parts and elements for use with the infringing underreamers. This was "a conceded and indisputable state of facts" and the District Court refused to apply the well-settled principles of law thereto. It was the absolute duty of the court to render such a decree as would vindicate its jurisdiction and authority to enforce its orders. It was rendered an imperative duty on the part of the court by the fact that the motives of petitioner in violating the decree were that to do so was very profitable (R. 78), and it had a "sedulous desire and disposition * * * to do everything that he could do, and keep out of jail, and yet take advantage of the things that this man Wilson (respondent) had invented." (R. 81.)

> "And if, upon the examination of the record, it should appear that the defendants were *in fact and in law* guilty of the contempt charged, there could be no more im-

> portant duty than to render such a decree as would serve to vindicate the jurisdiction and authority of courts to enforce orders and to punish acts of disobedience." (Gompers v. Buck S. & R. Co., 221 U. S. 418, 450, 55 L. Ed. 797, 809.)

We know of no exception to the above rules with regard to the punishment of wilful contempt when same is conceded or proven. The state courts also follow this rule uniformly.

> "A punishment for contempt rests in the sound discretion of the court and the judgment of the trial court will not be disturbed unless such discretion has been grossly abused, as for example where the court refused to commit a person who violated an injunction." (Barber v. Brennan, 140 Iowa 678.)

In dealing with the question of spare parts, the lower court itself doubted the accuracy of its own conclusions of law. (R. 75, 79.) It again betrayed its lack of confidence in its conclusions by wording the decree so the respondent could again raise the question by renewing his application. (R. 98.) In pardoning petitioner of contempt in this regard the trial court virtually granted petitioner a license to make and sell all the elements of respondent's patent, with the resulting profits to be turned over to respondent as a royalty. (R. 78, 79.) This would require periodic accountings. We are not surprised that the trial court itself

doubted the accuracy of its amazing abuse of discretion.

In view of the foregoing authorities, we submit that the Appellate Court had jurisdiction and it was its obvious duty to correct the trial court's abuse of discretion in failing and refusing to apply the law to the facts as found by it.

At the conclusion of its brief the petitioner argues that the writ of injunction was void because it bore the teste of the chief justice of the United States Supreme Court instead of that of the judge of the District Court.

As we read section 1534 of the Judicial Code the teste of the clerk of the District Court is all that is necessary in the absence of that of the district judge and the injunction in this case also bears the teste of said clerk.

However, this injunction was entered in the lower court, contempt proceedings were then had in that court, a writ and a cross writ of error were then prosecuted to the Appellate Court, and thereafter a rehearing was asked and denied. The matter then came to the Supreme Court on this writ of certiorari and here *for the first time* petitioner challenges the form of the injunction. Doubtless this court will not wish authorities cited to substantiate the rule that such a defense cannot be raised for the first time before the Supreme Court.

In conclusion we call attention to the final summary contained in petitioner's brief as follows:

1. That the Honorable United States Circuit Court of Appeals had no jurisdiction. (Brief, 89.)

This cross writ of error was directed to a finding of wilful and therefore criminal contempt by the District Court and this finding had not been disposed of by the Appellate Court on petitioner's writ of error. It was therefore properly reviewed by the Appellate Court on this cross writ of error.

2. That the furnishing of "repair parts" did not constitute contempt. (Brief, 90.)

Petitioner studiously avoids the trial court's finding of fact that it also manufactured and sold "extra" and "spare" parts for its infringements and also its infringements were not released from respondent's patent monopoly for the reason that no compensation whatever had yet been paid to the respondent for the infringement.

3. That there was no fact which would sustain a judgment of wilful or criminal contempt; and that, therefore, the judgment and decree of the Honorable United States Circuit Court of Appeals should be reversed and this case remanded affirming the judgment of the

District Court notwithstanding respondent's writ of error. (Brief, 90.)

The trial court found as a fact that the petitioner had done the very thing prohibited by the injunction in supplying the "extra," "spare" and repair parts and elements. There could be no other conclusion than that this was wilfully done and the Appellate Court so found.

4. That the writ of injunction was void and a nullity. (Brief, 90.)

Petitioner will not be heard to raise this objection for the first time in the Supreme Court even if the teste of the clerk of the District Court were not sufficient authority for the injunction.

We respectfully pray this Honorable Court to dismiss this writ and thus sustain the decision of the Appellate Court and by so doing vindicate the law upon this petitioner who has shown "a sedulous desire and disposition * * * to do everything that he could do, and keep out of jail, and yet take advantage of the things that this man Wilson (respondent) had invented."

Respectfully submitted,

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FILED
FEB 25 1922
WM. R. STANSBURY
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IN THE

SUPREME COURT

OF THE

UNITED STATES.

October Term, 1921.

No. 132.

Union Tool Company,
Petitioner,

vs.

Elihu C. Wilson,
Respondent.

REPLY BRIEF FOR PETITIONER.

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IN THE

SUPREME COURT

OF THE

UNITED STATES.

October Term, 1921.

No. 132.

Union Tool Company,
Petitioner,

vs.

Elihu C. Wilson,
Respondent.

REPLY BRIEF FOR PETITIONER.

The brief for respondent misstates the principal contentions made by petitioner and thereby avoids reply thereto. We deem it proper to briefly exhibit wherein respondent has failed to answer the controlling propositions advanced in the brief for petitioner.

There are two important assertions in respondent's brief that are totally unwarranted.

> (a) Respondent represents that the District Court found petitioner guilty of contempt in selling the spare or repair parts and thereupon pardoned petitioner.
>
> (b) Respondent represents that petitioner sold extra or spare parts which were not repair parts.

(a) The District Court did not find that the sale by petitioner of the spare or repair parts violated the injunction. To the contrary the District Court expressly found that these sales by petitioner were not in violation of the injunction. The District Court said:

> "So with respect to that feature of the case, I am of the belief that the position of the plaintiff is not well taken upon this application, and that there is no violation of the injunction in the manufacture and sale to users of necessary spare parts of this infringing device, which was sold prior to the issuance of this injunction." [Rec. 80.]

The argument of respondent that the District Court found petitioner guilty of contempt and thereupon pardoned petitioner is not therefore founded in fact.

(b) The statement in respondent's brief that petitioner "also manufactured and sold 'extra'

and 'spare' parts" *which were not repair parts* is not in accord with the fact. The District Court expressly found that the parts sold by petitioner were *repair* parts. No other parts were made or sold. The District Court said:

> "Now, the proofs adduced upon the hearing, together with the stipulation of counsel introduced in evidence, * * * show that the defendant has manufactured and sold spare parts, *that is, repair parts, to be used in connection with and in furtherance of the utility* of reamers admittingly within the terms of the injunction, but sold by it previous to the issuance or service of the injunction." [Rec. 62.] (Italics supplied.)

This court will accept the fact as found by the District Court. (Bessette v. Conkey Co., 194 U. S. 324, 48 L. Ed. 997.) Furthermore, there is no evidence that any of the parts were not for the purpose of repair. The "Stipulation As To Facts" filed in the District Court stated that petitioner made and sold:

"cutters, springs, spring rods, keys, cotter-pins, and all parts except bodies, *as 'extra' or repair parts for and to be used with the underreamers* * * * which were sold by the defendant to dealers and users prior to the service of said injunction." [Rec. 58.]

This stipulation definitely establishes (1) that the parts were *repair parts* and (2), that the parts were to be used in the devices sold prior

to the issuance of the injunction. Respondent urges that the parts were not for repair but were for augmenting drilling operations. There is no evidence of such asserted fact. The only purpose a purchaser of an underreamer could have in buying a spare part would be to use the part in case the corresponding original part should become worn or broken. We submit that this court will not disregard the finding of the District Court and now hold that the parts sold by petitioner were designed contrary to the stipulation of facts in this case. It must be established beyond a reasonable doubt that the parts sold were not repair parts or the charge of contempt fails. (Gompers v. Buck's Stove & R. Co., 221 U. S. 48, 55 L. Ed. 797.)

The fact that the parts were to replace the worn or broken corresponding original parts does not alter their character of repair parts as urged by respondent. In Wilson v. Simpson, 9 How. 109, 13 L. Ed. 66, this court held that the replacement of rotary knives was repair and not reconstruction.

The fact that the repair parts were made and offered for sale in anticipation of breakage or wear is discussed in petitioner's opening brief, pages 78-81. It would be manifestly unfair to owners of patented machines to hold that every repair part must be made after and not in anticipation of need of repair. Any user of ma-

chinery appreciates the compelling need of a stock of available repair parts. What would it mean to the automobile owner if every repair part must be made after it was required? In law there is no justification for respondent's contention, because the manufacture or sale of the parts could not be contributory infringement unless the parts were used in primary infringement. If used for repair the time of manufacture or sale is totally immaterial.

The authorities cited at pages 22, 23, in respondent's brief are not applicable to the facts of this case. The number of underreamers in the hands of the users has not been increased by the sale of repair parts. Indeed, the Stipulation of Facts provides that the parts are to be used in the very underreamers sold prior to the issuance of the injunction. [Rec. 58.] This is not a case where the repair parts are put in operation prior to wear or breakage of corresponding original parts. There is no evidence of such use either intended by petitioner or had or possible by the users.

Respondent enlarges upon the length of time various parts of the devices in question are designed to last. The representations of respondent are not supported by any evidence whatever. The District Court fully considered the nature of respondent's invention and the use to be made of the parts in question.

We submit that this court will not disturb the finding of the District Court that the parts were repair parts and will not adjudge the parts to be other than repair parts contrary to the express Stipulation of Facts herein.

Respondent refers to the doctrine of contributory infringement. This doctrine is based on the theory that one who furnishes a part with the intent that it be assembled in a device to be used in infringement of a patent is liable for aiding and abetting an infringement. This doctrine does not conflict with the rule that repair parts may be lawfully furnished for use in machines that are free of any claim of the patentee. Otherwise, the right of replacement by repair parts established by this court in Wilson v. Simpson, *supra*, could not exist.

Jurisdiction.

Respondent misinterprets our contention that the Circuit Court of Appeals had no jurisdiction in this case by stating that petitioner contends that the Circuit Court of Appeals "lost" jurisdiction when it rendered a judgment on petitioner's Writ of Error. We do not contend that the Circuit Court of Appeals ever "lost" jurisdiction because our position is that the Circuit Court of Appeals never at any time had jurisdiction to entertain respondent's Writ of Error.

Pages 34-41 of the opening brief of petitioner are devoted to the proposition that respondent's Writ of Error herein must be treated separately and cannot be sustained on the ground that the Circuit Court of Appeals had jurisdiction under petitioner's Writ of Error. Respondent admits:

"* * * we agree with petitioner that in such a case the cross-writ does not depend upon the writ for its jurisdiction. Both lie to the decree sought to be reviewed and the errors assigned in the writs are separate and distinct." (Respondent's Br. p. 11.)

We must, therefore, dismiss reference to petitioner's Writ of Error in considering the jurisdiction of the Circuit Court of Appeals in this case.

In view of Doyle v. London Guarantee & Accident Co., Ltd., 204 U. S. 599 (cited at p. 30 of Petitioner's Op. Br.) jurisdiction of the Circuit Court of Appeals in this case cannot be sustained except on the basis that respondent sought a review of a criminal judgment. We therefore find respondent asserting that in this case he sought review of a criminal judgment. (Respondent's Br., p. 13.)

If respondent sought by his Writ of Error in this case to review a criminal judgment, then unquestionably the Circuit Court of Appeals had no jurisdiction. *First.* There is no review of a criminal judgment of acquittal. *Second.* Un-

der Gompers v. Buck's Stove & R. Co., 221 U. S. 418, 55 L. Ed. 797 the proceedings in the District Court were civil only. (See discussion in Petitioner's Op. Br., pp. 26-29.) In fact the Circuit Court of Appeals in Union Tool Co. v. Wilson, 249 Fed. 736 held that the infliction of a criminal fine was improper. *Third.* Respondent as a private suitor could only seek review of civil aspects of the judgment. Respondent admits that the United States District Attorney and Solicitor General have refused to participate in this case or seek review. (Respondent's Br. p. 17.)

It should be noted that respondent does not attempt to sustain the basis on which the Circuit Court of Appeals assumed jurisdiction of this case. The Circuit Court of Appeals converted respondent's Writ of Error into an appeal. [Rec. 125.] A criminal judgment could not be reviewed by "appeal."

From every aspect the brief of respondent fails to establish jurisdiction of the Circuit Court of Appeals in this case.

The Injunction Was Not Violated by the Sale of the Repair Parts.

Respondent attributes to us the contention that petitioner was justified "in disregarding the injunction." This is a misstatement of our position. We contend and the District Court found

that the sale of the repair parts was not a violation of the injunction. This follows in view of the following:

> The Writ of Injunction prohibited infringement of combination claims 9 and 19 of respondent's patent and only prohibited the making and selling of parts where that constituted an infringement of said combination claims. (Discussed at pages 48-50 of Petitioner's Opening Brief.)
>
> The only parts sold by petitioner were repair parts to be used in devices sold prior to the issuance of the injunction.
>
> The devices in which the parts were to be used were freed of the patent because respondent had elected to receive from petitioner the proceeds of the sales thereof.

The last statement is the principal remaining proposition to be discussed. It is clarified by reference to the remedies accorded a patentee upon infringement of his patent. The patentee may:

> 1. Seek an injunction against the manufacturer to prohibit future making or selling.
>
> 2. Seek an injunction against the user who has purchased from the manufacturer to prohibit future use of the infringing devices.
>
> 3. Seek to recover from the manufacturer the proceeds, of the past sales of the infringing devices, due to the infringement.
>
> 4. Seek to recover from the purchaser for the past use of the infringing devices.

While these remedies are optional with the patentee, manifestly the patentee cannot exercise all of the remedies. Clearly he cannot prohibit the future use of the infringing devices and also recover the proceeds of the sales thereof.* This is fully discussed in petitioner's opening brief at pages 54-83. This court said in Morgan Envelope Co. v. Albany Co., 152 U. S. 425, 38 L. Ed. 500, at 503:

> "The patentee having once received his royalty upon such device, he cannot treat the subsequent seller or user as an infringer."

In other words, the patentee may have one or the other of remedies 2 and 3 but he cannot have both. In law and in fact remedies 2 and 3 are regarded as inconsistent remedies. The situation is the same as an ordinary case of wrongful sale of property. The rightful owner may elect to ratify the sale and sue for the proceeds of the sale. The owner, on the other hand, may disavow the sale and sue to recover the goods. It is elementary that he cannot do both. Yet that would be the situation if a patentee could enforce both remedies 2 and 3. He could then have the proceeds of the sales and

---

*Note: We herein use "proceeds of the sales" as a short term. Necessarily a patentee's recovery is limited to the profits or damages attributable to the particular patented invention. The extent of such recovery is not involved in this case.

yet by prohibiting the use of the devices, in effect disavow the sales and recover his property (invention).

Apparently respondent admits the soundness of the above, because at page 30 of his brief he says: "In arguing this matter petitioner *correctly* states the law as follows:" and proceeds to quote petitioner's opening brief to the above effect. However, respondent then urges that he may seek to enforce both of remedies 2 and 3 until he *has actually received* compensation. If this contention be error then the District Court was correct and the judgment of the Circuit Court of Appeals must be reversed.

The Claim That Respondent May Seek to Recover From Petitioner That Part of the Proceeds of the Infringing Sales Due to the Infringement and Also Restrain the Use of the Devices Sold Until Actual Compensation Is Received Is Absolutely Contrary to the Doctrine of Election of Inconsistent Remedies.

The law will not permit a party to approbate and reprobate. No party can seek the proceeds of a transaction and disaffirm the identical transaction. Under the law any decisive act of a party indicating an intent to pursue one of two inconsistent remedies is a binding election. After such an election the party cannot seek the inconsistent remedy.

The leading case in point is the decision of this court in Robb v. Vos, 155 U. S. 13, 39 L. Ed. 52. In that case property was wrongfully sold and the proceeds of the sale delivered to an attorney. The attorney died. A suit was brought by the administrator of the attorney's estate to settle the estate. The true owner set up a claim to the proceeds of the wrongful sale. Subsequently the owner withdrew his claim. Thereafter the owner brought suit to recover the property wrongfully sold. This court held that the owner was precluded from seeking to recover the property by his previous election to take the proceeds of the wrongful sale. This court held that the mere filing of the claim was a binding election, and that it was immaterial that the claim had not been actually satisfied. This court said:

> "The rule established by these cases is that any decisive act by a party, with knowledge of his rights and of the facts, determines his election in the case of inconsistent remedies, and that one of the most unequivocal methods of showing ratification of an agent's act is the bringing of an action based upon such an act."

There are a great many decisions following the above doctrine and holding that a party must elect between recovering the proceeds of a transaction and disaffirming the same; and that an

election to do either is an abandonment of the other.

20 Corpus Juris 13;
Droege v. Ahrens Mfg. Co., 163 N. Y. 466;
Erving v. Goodman, 171 Cal. 559;
Weeke v. Reeve, 65 Fla. 374;
Fisher v. Brown, 111 Ill. A. 486;
American Car Co. v. Smock, 48 Ind. A. 359;
Ellis v. Annis, 173 N. W. 282;
James v. Parsons, 70 Kan. 156;
Williams v. Shepherd, 181 Ky. 535;
Whiteside v. Brawley, 152 Mass. 133;
Mintz v. Jacob, 163 Mich. 280;
Rose v. Rundall, 86 Wash. 422;
Connihan v. Thompson, 111 Mass. 270;
Des Allemands L. Co. v. Morgan, 117 La. 1.

Filing a suit to enforce one inconsistent remedy is a binding election and a complete abandonment of the other remedy irrespective of receipt of actual satisfaction.

Robb v. Vos *(supra);*
20 Corpus Juris 29;
Dowdy v. Calvi, 14 Ariz. 148;
Smith v. Gilmore, 7 App. D. C. 192;
Glynn Co. B. of Ed. v. Day, 128 Ga. 156;
Theusen v. Bryan, 113 Ia. 496;
Lowenstein v. Glass, 48 La. Ann. 1422;

Bohanan v. Pope, 42 Me. 93;
Frisch v. Wells, 200 Mass. 429;
Mintz v. Jacob, 163 Mich. 280;
Whalen v. Stuart, 194 N. Y. 495;
Howard v. Paulson Co., 41 Utah 490;
Robertson v. Robertson, 180 Pac. 122.

Prosecution of a suit to judgment or decree to enforce one inconsistent remedy is a binding election and an abandonment of the other remedy, irrespective of receipt of actual satisfaction.

20 Corpus Juris 28;
Bright v. Mollohan, 75 W. Va. 116, 118;
Pfeiffer v. Marshall, 136 Wis. 51;
Pickle v. Anderson, 62 Wash. 552.

Under the doctrine of election of inconsistent remedies it is totally immaterial that respondent has not received compensation. There can be no doubt in this case that respondent by a decisive and unequivocal act, in fact series of acts, has elected to recover the proceeds of the infringing sales. Respondent filed the original suit praying for a recovery of those proceeds. Respondent has procured an interlocutory decree adjudging that he recover those proceeds (as yet unliquidated). [R. 6-14.] Respondent is admittedly now proceeding with an accounting to settle the amount of those proceeds. An election could not be more conclusively shown. Respondent does not even now waive the right

to those proceeds. Indeed, respondent seeks to enforce both of said inconsistent remedies!

We submit that the District Court was entirely correct in holding that by his election to secure the proceeds of the infringing sales respondent has in law ratified those sales. We view this question as one of importance in law and of substantial consequences to the industry of the country. There is no equity in respondent's position that he may enjoin the use of the infringing devices (indirectly by preventing their repair) and may also procure the proceeds paid by the purchasers for the devices. Respondent has elected to receive the proceeds of the sales and the purchasers should be permitted to continue the use of the same. A double recovery is inevitable if the decision of the Circuit Court of Appeals be sound and petitioner in one and the same court would be permitted to approbate and reprobate the identical sales.

We therefore submit that respondent having elected to receive the proceeds of the infringing sales, then the sales stand ratified and the devices free. The devices being free of claim by the patentee repair of the same was not an infringement of respondent's patent or a violation of the writ of injunction. Accordingly the judgment of the Circuit Court of Appeals should be reversed and the decree of the District Court affirmed.

In petitioner's opening brief we endeavored to point out that the infringement of respondent's patent by petitioner consisted in widening a certain bearing in underreamers patented by petitioner long prior to respondent's invention. The brief of respondent contains many exaggerated claims concerning the value of that bearing. We deny the soundness of those claims and do not concede value to the feature involved. An accounting is now in progress to determine the worth of respondent's invention.

We respectfully ask this court to refrain from expressing an opinion thereon, since a statement from this court would doubtless be construed as binding, and the facts involved are not before the court.

Respectfully submitted,

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FILED

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No. [illegible]

IN THE

SUPREME COURT

OF THE

UNITED STATES

October Term, 1920.

Union Tool Company,
Petitioner and Defendant,
vs.
Elihu C. Wilson,
Respondent and Plaintiff.

Petitioner's Reply to Respondent's Brief.

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IN THE

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October Term, 1920.

Union Tool Company,
Petitioner and Defendant,
vs.
Elihu C. Wilson,
Respondent and Plaintiff.

Petitioner's Reply to Respondent's Brief.

We desire to reply to certain contentions made by respondent, and will endeavor to do so as briefly as possible. It is felt that there has been an attempt in respondent's brief to bemuddle the facts of this cause and confuse by reference to non-applicable and unsound propositions of law. For example, we refer respectfully to:

The Assertion That Petition for Certiorari Was Not Filed Within the Statutory Period.

In support thereof, respondent urges that the judgment of the Circuit Court of Appeals sought to be reviewed was entered on May 17, 1920, and that the petition for *certiorari* herein was not filed until after August 26, 1920. (To be exact the petition was filed on September 2, 1920.) Respondent cites 39 Stat. L. 726 and urges that more than three months having elapsed between May 17th and September 2d the three months' limit of the statute has been exceeded. This statute specifies that any writ of error, appeal, or writ of *certiorari* must be applied for within three months after entry of judgment.

Respondent refrained from stating that a petition for rehearing was filed in the cause in the Circuit Court of Appealson June 21, 1920, and was denied on August 2, 1920. [R. 136.] The petition for *certiorari* was thus filed exactly thirty-one days after the denial of the petition for rehearing. (This is within one month instead of in excess of three months.) The importance of respondent's omission becomes apparent in view of the settled rule of this court that the time limit under the statute does not begin to run until after the denial of the petition for rehearing.

In Aspen Mining & Smelting Co. v. Billings, 150 U. S., 31, 36; 37 L. Ed. 986, this court said:

> "The rule is that if a motion or a petition for rehearing is made or presented in season and entertained by the court, the time limit for a writ of error or appeal does not begin to run until the motion or petition is disposed of. Until then the judgment or decree does not take final effect for the purpose of the writ of error or appeal."

This proposition is so elementary that one may be excused for a suspicion that it was intended to confuse rather than to convince. If this were not the law it would be impossible to apply for *certiorari* in any case where the Circuit Court of Appeals held a petition for rehearing under consideration for more than three months. Indeed respondent need only to have looked in the transcript of record to have found an order of the Circuit Court of Appeals staying the issuance of this mandate until September 6, 1920, to enable the filing of this very petition. [R. 137.]

The Assertion That the Cause Does Not Warrant the Grant of Certiorari.

In reply to respondent's contention that the case interests only the parties, we desire to call attention to the two principal legal points involved. Each of these issues of law is novel and of importance to all suitors. This court has

never determined either point. These questions are as follows:

(a) *Has a Circuit Court of Appeals jurisdiction to review a judgment of acquittal of contempt and order the imposition of punishment at any time and particularly prior to final decree in the cause?*

This proposition challenges the jurisdiction of the Circuit Court of Appeals. Suitors must look to the Supreme Court if a Circuit Court of Appeals is to be kept within the powers conferred upon it by Congress. Otherwise there is no central authority maintaining the judiciary within the orderly and proper bounds that gain the respect and confidence of the nation. Congress quite apparently intended the Supreme Court to supervise the jurisdiction of lower federal tribunals. Congress even accelerated such issues by providing for direct review by the Supreme Court of cases involving the jurisdiction of a district court.

This court has ruled that a cause challenging the jurisdiction of a Circuit Court of Appeals in contempt proceedings warrants the grant of *certiorari*. In Toledo Newspaper Co. v. United States, 247 U. S. 402, 62 L. Ed. 1189, a petition for *certiorari* was granted directed to a Circuit Court of Appeals to review a contempt proceed-

ing, where the issue involved was the jurisdiction of the court. This court said:

> "We are of opinion that a motion to dismiss the writ of error must prevail, since it is settled that a conviction for a criminal although a summary contempt is, for the purposes of our reviewing power, a matter of criminal law not within our jurisdiction on error. * * * But this does not relieve us from the duty of exerting jurisdiction, as we are of opinion that the case calls for the exertion of the discretionary power with which we are vested. The writ of *certiorari* is therefore granted, and we proceed to examine and dispose of the case to the extent rendered necessary by that conclusion."

We will not argue further the jurisdictional question at this time. It is a proposition which commends itself to the full consideration of this court. We note, however, that respondent attempts to meet the proposition by asserting that "the cross writ of error were (was) sued out to review a judgment of conviction and not acquittal." (Respondent's Brief, page 7.) The absolute falsity of this statement is shown by the statement in the opinion of the Circuit Court of Appeals in this cause as follows:

> "By the cross-writ now before us we are to review that portion of the judgment of the District Court wherein the Tool Company was purged of contempt." [R. 128.]

Respondent refers to many authorities to the effect that one *convicted* of contempt, where the criminal aspect dominates, may obtain review in one proceeding of both the criminal and civil features. These decisions have nothing to do with the right of a plaintiff in a case to obtain review of a judgment *purging* defendant of contempt. In fact, this case appears *sui generis* upon the point.

(b) *Pending an accounting in a suit against the manufacturer, may repair parts be furnished to owners of devices included within the accounting?*

This proposition most assuredly affects the owners of all patented machines. The question is one involved in every patent accounting throughout the country. After the accounting and satisfaction of judgment the devices became *ipso facto* licensed devices in the hands of the owners. (The patentee has received his compensation thereon.) It has been determined that pending the accounting suit cannot be brought to enjoin the use of devices. (Stebler v. Riverside Hts. Orange Growers Assn., 214 Fed., 550.) Certainly then the use of devices should not be indirectly enjoined by preventing their repair. It was upon this legal question that the cause turned on the merits. The injunction only prohibited the sale of parts *"in*

infringement" of the patent in suit. [R. 15, line 21.] The District Court held that selling repair parts for the devices freed by the accounting was not an infringement or within the inhibition of its injunction. The Circuit Court of Appeals has decided for and contrary to the District Court *what it was the District Court enjoined!* We will not further argue this question. It also is *sui generis* so far as there exists any reported decision. The gravity and far-reaching effect of the point warrants a full consideration by this court.

In our opinion the following logic of the District Court cannot be refuted:

> "* * * I am constrained to believe that the better reason is on the side of the proposition that in view of the reception of complete relief by way of damages and profits by the plaintiff, in due course, that he is not now entitled to the indirect means of a proceeding in contempt to enjoin users from the practical and effective use of their machines." [R. 79.]

We submit that this is only fair to innocent purchasers. The question is of grave general importance and the ruling of this court is awaited with eagerness by the bar and the owners of patented devices.

Petitioner Had No Wilful Intent to Violate the Injunction and the District Court So Held.

There is a further important and glaring misstatement of fact in respondent's brief. It is there stated:

"By so doing he committed a wilful contempt of the trial court's deliberate order *and that court has so found.*" [P. 15.]

The Circuit Court of Appeals ruled that there had been "a wilful disobedience of the injunction." [R. 134.] Respondent recognizes that under the law this ruling of the Circuit Court of Appeals cannot be sustained if it be contrary to the *fact* as found by the District Court.

The District Court most certainly did not hold that petitioner "intended" to violate the injunction. To the contrary the District Court expressly found that petitioner was acting in good faith and had no intent or wilfulness to violate the injunction. The District Court even went so far as to say:

"And I am saying all of this with the reservation mentally and actually indulged in by me, that these parties are not acting in bad faith. If I thought they were acting in bad faith, and if I thought that this injunction had been wilfully violated, there would be a substantial jail sentence meted out to each individual at all responsible for such violation, irrespective of his place, station or relation to the subject-matter of the litigation. However,

in spite of some very persuasive features, I am going to assume that the defendant has not done that which has done wilfully." [R. 88-89.]

This very finding was construed by the Circuit Court of Appeals on petitioner's writ of error as follows:

> "Our construction of the decree is that there was an acquittal of the defendant of having acted in bad faith and of having willfully violated the injunction order, and by proceeding to a decree based upon the assumption that the acts of the defendant corporation had not been done willfully, we think the corporation was exonerated of willful and contumaceous disregard of the injunction. Bessette v. Conkey, 194 U. S. 324, 24 Sup. Ct. 665, 48 L. Ed. 997."
>
> Union Tool Co. v. United States. 262 Fed. 431.

This court has held that this *fact* as adjudged by the District Court was conclusive. In Bessette v. Conkey Co., 194 U. S. 324, 48 L. Ed. 997, this court in defining the power of a Circuit Court of Appeals to review a contempt proceeding said:

> "On such a writ only matters of law are considered. The decision of the trial tribunal, court or jury, deciding the facts, is conclusive as to them."

Obviously there is no legal justification for the Circuit Court of Appeals adjudging contrary to the District Court that petitioner *wil-*

fully violated the injunction. This is of utmost importance because to warrant the imposition of "punishment" as ordered by the Circuit Court of Appeals an "intent" to wilfully and contumaceously disregard the order of the court must be found.

Proudfit L. L. Co. v. Kalamazoo L. L. B. Co., 230 Fed. 120, at 132.

Respectfully submitted,

A. V. ANDREWS,
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No. 5[redacted]132

IN THE

SUPREME COURT

OF THE

UNITED STATES.

October Term, 1920.

Union Tool Company,
Petitioner and Defendant,
vs.
Elihu C. Wilson,
Respondent and Plaintiff.

Respondent's Reply to Petition and Brief for Writ of Certiorari.

F. W. Clements,
G. Benton Wilson,
Attorneys and Counsellors for Respondent.

Parker & Stone Co., Law Printers, 323 New High St., Los Angeles.

CASES CITED

PAGE

Allis v. Stowell, 16 Fed. 783.....12-14
Birdsell v. Shalliol, 112 U. S. 485, 28 L. Ed. 768... 13
Bolles v. Outing Co., 175 U. S. 262, 44 L. Ed. 156.. 8
Chaffee v. Boston Belting Co., 22 How. 217, 16 L. Ed. 240 14
Cleary v. Ellis Foundry Co., 132 U. S. 612, 33 L. Ed. 473 8
Denver v. New York Trust Co., 229 U. S. 123, 57 L. Ed. 1101..... 7
Fields v. United States, 205 U. S. 292, 51 L. Ed. 807 6-7
Forsyth v. Hammond, 166 U. S. 506, 41 L. Ed. 1095 6-7
Gompers v. Buck S. & R. Co., 221 U. S. 418, 55 L. Ed. 797 15
Guarantee Co. v. Phenix Ins. Co., 124 Fed. 170.... 8
Hanover Star M. Co. v. Allen & Wheeler Co., 208 Fed. 513 10
In re Kahn, 204 Fed. 581..... 7
In re Merchants etc., 223 U. S. 639, 56 L. Ed. 584.. 7
In re Sobol, 242 Fed. 487..... 10
James Heekin v. Baker *et al.*, 138 Fed. 63..... 14
Kelly v. Ypsilanti etc. Mfg. Co., 44 Fed. 19..... 13
Kreplik v. Couch Patents Co., 190 Fed. 565..... 7
Kryptok Co. v. Stead Lens Co., 190 Fed. 767..... 13
Liddle v. Cory, 7 Blatch. 1..... 15
National Casting Co. v. American Steel Foundries, 182 Fed. 626..... 11
New York Scaffolding Co. v. Whitney, 224 Fed. 452 14
Philadelphia Trust etc. Co. v. Edison Electrical Co., 65 Fed. 551.....12-14

PAGE

Phillips v. Detroit, 3 Bann. & Ard. 150..... 15
Proudfit L. L. Co. v. Kalamazoo L. L. Co., 230 Fed. 120 7
Safety Car Co. v. Gould Coupler Co., 229 Fed. 429. 14
Sherman, Clay & Co. v. Searchlight Horn Co., 225 Fed. 497 12
Sickles v. Borden, 4 Blatch. 15..... 15
Slocomb & Co. v. Laymen Co., 227 Fed. 94..... 11
Stebler v. Riverside Heights Orange Growers' Ass'n, 211 Fed. 985..... 12
Thompson-Houston v. Ohio Co., 80 Fed. 712..... 12
Union Special Mach. Co. v. Maimin, 161 Fed. 748.. 14
Union Tool Co. v. Wilson, 249 Fed. 736..... 4
Union Tool Co. *et al.* v. United States *et al.*, 262 Fed. 431 5
Whipple v. Hutchinson, 4 Blatch. 190..... 15
Wilson v. Union Tool Co., 237 Fed. 847..... 4
Wilson v. Union Tool Co., 265 Fed. 669..... 5
Winchester Repeating Arms Co. v. Olmsted, 203 Fed. 493 10
Woodworth v. Rogers, 3 Woodbury & Minot 135... 15

IN THE

SUPREME COURT

OF THE

UNITED STATES.

Union Tool Company,
Petitioner and Defendant,
vs.
Elihu C. Wilson,
Respondent and Plaintiff.

Respondent's Reply to Petition and Brief for Writ of Certiorari.

To the Honorable the Chief Justice and the Associate Justices of the Supreme Court of the United States:

The respondent, Elihu C. Wilson, moves this Honorable Court to dismiss the above-entitled petition for a writ of *certiorari* and begs to present herein his arguments in support thereof.

The petitioner seeks to review the judgment of the Circuit Court of Appeals for the Ninth Circuit, entered on May 17, 1920, on respondent's cross writ of error to the District Court

for the Southern District of California reviewing the latter court's decree [Tr. p. 94], holding the petitioner guilty of contempt for manufacturing and selling its infringing devices and extra, spare and repair parts therefor, in violation of the injunction of said court. The trial court assessed punitive and remedial fines for the contempt with regard to the devices themselves, but purged the petitioner of contempt with regard to the sale of the extra, spare and repair parts and elements therefor.

The injunction in question [Tr. p. 14] followed the interlocutory decree of the said District Court entered September 8, 1916 [Tr. p. 6], finding the respondent's patent No. 827,595 valid and infringed (Wilson v. Union Tool Co., 237 Fed. 847), which decree was affirmed by the Circuit Court of Appeals for the Ninth Circuit on February 11, 1918 (Union Tool Co. v. Wilson, 249 Fed. 736).

The petitioner promptly sued out a writ of error to review the trial court's decree in contempt and the respondent thereupon perfected the aforesaid cross writ of error and moved the Appellate Court, under its Rule 25, for such a continuance of the hearing of the writ as would permit it to be heard coincidently with the cross writ. This motion was denied and the Appellate Court handed down its decision on the petitioner's writ on January 5, 1920, reversing the puni-

tive portion of the errors assigned but affirming the remedial portion thereof. (Union Tool Co. *et al.* v. United States *et al.*, 262 Fed. 431.)

On May 17, 1920, the said Circuit Court of Appeals entered judgment on the respondent's writ of error holding that the trial court had abused its discretion in purging the petitioner of contempt when the said court had found as a fact ,and the petitioner had admitted, that the extra, spare and repair parts and elements for and to be used with respondent's infringing devices had been made and sold by it in violation of the plain prohibitions of the injunction. [Tr. p. 97, Wilson v. Union Tool Co., 265 Fed. 669.]

This decision the petitioner now seeks to review.

We direct the attention of this court to the fact that the time in which the petitioner may apply for a writ of *certiorari* elapsed before this petition was filed.

The judgment sought to be reviewed was entered May 17, 1920. [Tr. p. 135.] This petition was served on the respondent on August 26, 1920, and was thereafter filed in this court, so that the petition was filed more than three months after the entry of the judgment complained of.

Section 6 of the Act to Amend the Judicial Code, approved September 6, 1916, 39 Stat. L. 726, provides:

> "That no writ of error, appeal or writ of *certiorari* intended to bring up any cause for review by the Supreme Court shall be allowed or entertained unless duly applied for within three months after entry of the judgment complained of; Provided, that writs of *certiorari* addressed to the Supreme Court of the Philippine Islands may be granted if application therefor be made within six months."

We submit that this petition has not been presented within the statutory time and, therefore, should not be entertained.

Aside from the fact that the petition has not been presented within the statutory time it is apparent that this is not a case in which this court will exercise its power of granting a review under a writ of *certiorari*. This power is sparingly exercised by the Supreme Court and then only in cases of great importance; or in case of conflict between two or more Circuit Courts of Appeals, or between such a court and a state court; or in cases which affect some interest of the nation. (Walker on Patents, 5th Ed., Sec. 567a; Forsyth v. Hammond, 166 U. S. 506, 41 L. Ed. 1095; Fields v. United States, 205 U. S. 292, 51 L. Ed. 807.)

Plainly no national interest is affected by the judgment in question nor does it conflict with the decision of another Circuit Court of Appeals or that of a state court. Neither can it be said to be a case of any great importance except to

the parties thereto; and where only private interests, however great, are involved, they have never been regarded as a sufficint basis to support a writ of *certiorari.* (Forsyth v. Hammond, *supra;* Denver v. N. Y. Trust Co., 229 U. S. 123, 57 L. Ed. 1101; Fields v. United States, 205 U. S. 292, 51 L. Ed. 807.)

The petitioner contends that the decision on the writ of error eliminated the criminal element from the judgment of the trial court and the cross writ of error therefore abated.

The judgment and decree of the trial court fined the petitioner both punitively and remedially. This gave the cause both a criminal and civil aspect. (*In re Kahn,* 204 Fed. 581; *In re* Merchants etc., 223 U. S. 639, 56 L. Ed. 584.) Both the civil and criminal aspects of a contempt proceeding may properly be included in one proceeding. (Proudfit L. L. Co. v. Kalamazoo L. L. Co., 230 Fed. 120.) But in such a case the criminal element will dominate the proceeding, but this does not exclude the civil element from being considered. (Kreplik v. Couch Patents Co., 190 Fed. 565.)

In the instant case both the writ of error and the cross writ of error were sued out to review a judgment of conviction and not acquittal, as wrongly stated by the petitioner in his brief on page twelve, and the proper method of review was by writ of error. The petitioner recog-

nized the criminal nature of the judgment when he perfected his writ instead of proceding by way of appeal. The only method of cross review left to the respondent was by cross writ of error. (Guarantee Co. v. Phenix Ins. Co., 124 Fed. 170.) Both the writ and the cross writ being well founded, the reversal of the criminal findings assigned under the writ did not necessarily dispose of all of the criminal aspects of the decree nor force the respondent to perfect another form of procedure. (39 Statutes at Large 726, Sec. 4.) Had the writ and the cross writ been heard coincidentally the petitioner could not have question the jurisdiction of the Appellate Court in either proceeding. It was within the discretion of that court to hear them separately, and the fact that the decision on the writ of error was rendered before the cross writ was heard, does not alter the status of the latter writ, since they were based upon different assignments of error in a judgment of conviction in a criminal proceeding.

In rendering its decision on the writ of error the Appellate Court was limited to those matters assigned by the petitioner and could not consider the findings of the lower court that the petitioner had otherwise wilfully violated the injunction. (Cleary v. Ellis Foundry Co., 132 U. S. 612, 33 L. Ed. 473; Bolles v. Outing Co., 175 U. S. 262, 44 L. Ed. 156.)

However, the lower court distinctly held that the petitioner had, since the issuance of the injunction, offered for sale and sold extra, spare and repair parts and elements for, and to be used with, its infringing devices sold prior to the issuance and service of said injunction [see Tr. p. 97], and the petitioner admitted same [see Tr. p. 57], notwithstanding this very thing was plainly prohibited by the injunction. [Tr. p. 15.] The lower court clearly recognized the contempt thereby committed when it held that the profits and damages resulting from this violation of the injunction must be paid to the respondent by the petitioner. [Tr. p. 77.]

This was a finding of criminal contempt upon which the respondent's cross writ of error was properly predicated and, being an error of record, no bill of exceptions was necessary, as wrongly contended by the petitioner. (Brief, p. 13, L. 14.) We submit that this court will not be persuaded to the view that the decision on the writ of error eliminated this finding of wilful, and therefore criminal, contempt from the trial court's judgment.

In view of this finding the trial court manifestly abused its discretion when it purged the petitioner of wilful contempt of the injunction distinctly prohibiting the manufacture, sale or use of the extra, spare and repair parts or elements of the infringing devices. The lower

court plainly misunderstood the procedure of "purging" of contempt and, in effect, failed to vindicate the law upon the petitioner after finding it guilty of wilful contempt of the court's order. Only the party charged with contempt can purge himself thereof, and this is done by his statement under oath that in doing the act complained of he did not intend to commit a contempt. (See "Purgation" in Cyclopedic Law Dictionary and Bouvier's Law Dictionary.) The petitioner did not so purge himself.

We recognize the well established rule that the discretion of a trial court in dealing with contempts, and punishments therefor, will not be interfered with *unless grossly abused.* (In re Sobol, 242 Fed. 487.) However, it is equally well established that "discretion (which must be legal discretion, not merely the individual view or will of the particular chancellor) does not extend to a refusal to apply well-settled principles of law to a conceded or indisputable state of facts." (Winchester Repeating Arms Co. v. Olmsted, 203 Fed. 493; Hanover Star M. Co. v. Allen & Wheeler Co., 208 Fed. 513.)

We submit that a complainant labors under many difficulties in proving a wilful violation of an injunction, and when he has conclusively established his case he may reasonably expect the court to vindicate the law without hesitation.

Replying to the petitioner's argument that the infringing devices sold by it prior to the issuance of the injunction were freed from the patented monopoly when an interlocutory decree for profits and damages was entered in favor of the respondent, and the petitioner could thereupon manufacture and sell to the users of the infringements the *extra, spare* and repair parts or elements of the patented combination regardless of the fact that this very thing was prohibited by the injunction.

This court will not fail to note that the petitioner admitted [Tr. p. 57, par. III] and the trial court found [Tr. p. 97, par. III] that these parts sold by the petitioner in violation of the injunction were *extra* and *spare* parts and elements as well as repair parts. We scarcely need emphasize the fact that the doctrine of repairs cannot be extended to cover the manufacture, sale and use of *extra* and *spare* parts and elements of a patented combination. (National Casting Co. v. American Steel Foundries, 182 Fed. 626; Slocomb & Co. v. Laymen Co., 227 Fed. 94.) It cannot be questioned that if the infringing devices were free in the hands of the users the petitioner could not make merchandise of the respondent's valid patent by manufacturing and selling to the users the unassembled elements of the respondent's patented combination under the thin disguise of the doc-

trine of repairs. To do so would be contributory infringement. (Thompson-Houston v. Ohio Co., 80 Fed. 712.)

But the petitioner errs in his contention that the interlocutory decree for profits and damages, which has been entered heretofore, frees these infringements in the hands of the users. They will not be freed from the respondent's patented monopoly until the patentee (the respondent), whose rights have been transgressed, *has received full satisfaction therefor.* (Sherman, Clay & Co. v. Searchlight Horn Co., 225 Fed. 497; Philadelphia Trust etc. Co. v. Edison Electrical Co., 65 Fed. 551; Allis v. Stowell, 16 Fed. 783.)

The petitioner relies upon Stebler v. Riverside Heights Orange Growers' Ass'n, 211 Fed. 985, but that case is fully in accord with the above doctrine, as will be seen from the following quotation therefrom:

> "Where a patentee, situated as complainant, recovers from an infringing manufacturer damages and profits on account of the infringement, *and the judgment is paid,* the purchaser from such manufacturer, who is a user of the machine, has the same right to such use as he would have were he a licensee of the patentee; that is, the right to use continues during the life of the patented machine."

The reason this decree for damages and profits against the petitioner will not release the

infringing devices until the respondent has received full satisfaction, lies in the fact that this interlocutory decree does not necessarily represent all the profits and damages involved and a recovery under this decree may not be a full satisfaction. (Kryptok Co. v. Stead Lens Co., 190 Fed. 767, 770.)

In the Stebler case above cited, both the patentee and the manufacturing infringer sold direct *to users only*, and all the profits and damages were directly involved in the action. In the instant case, however, both the patentee (the respondent), and the manufacturing infringer (the petitioner), sell *to dealers and resellers*, and it is possible that the retailers' profits may not be recovered in this accounting. If not, the respondent may elect to proceed against either the resellers or the users for the retailers' profit. (Birdsell v. Shaliol, 112 U. S. 485, 28 L. Ed. 768; Kelly v. Ypsilanti etc. Mfg. Co., 44 Fed. 19.)

This distinction is referred to as controlling in the Stebler case as follows:

> "Complainant has thus far utilized his patent by manufacturing and selling *directly to users* his patented machine, and in this case has sued for and recovered of infringing manufacturers, *who also sold directly to users*, profits and damages."

It cannot be denied that these infringements will not be released to the users until the re-

spondent *has received* full satisfaction for the trespass upon his patented monopoly and until the accounting has been rendered and judgment satisfied there is no certainty that the amount recovered will be full satisfaction. If that accounting does not include the reseller's profit by way of damages, the respondent will proceed against the resellers and users therefor, and the infringements will not be free in the hands of users until full satisfaction *has been received.* (Philadelphia Trust & Safe Deposit Co. v. Edison Electrical L. Co., 65 Fed. 551; Allis v. Stowell, 16 Fed. 783.)

Until these devices are freed by full satisfaction of profits and damages to the respondent, they are illegally in the hands of the users and to use them, or much less, to repair them, is infringement. (Chaffee v. Boston Belting Co., 22 How. 217, 16 L. Ed. 240; Union Special Mach. Co. v. Maimin, 161 Fed. 748; Safety Car Co. v. Gould Coupler Co., 229 Fed. 429; New York Scaffolding Co. v. Whitney, 224 Fed. 452; James Heekin v. Baker *et al.*, 138 Fed. 63.)

However, even if it were possible to disregard the above-outlined legal principles, the fact remains that the manufacture and sale of these extra, spare and repair parts by the petitioner for its infringing devices was prohibited by the injunction, and even if that injunction were improperly issued, or if it were broader than

the terms of the court's decree would warrant, it must nevertheless be obeyed until it is modified or dissolved. (Walker on Patents, 5th Ed., Sec. 709, p. 799; Woodworth v. Rogers, 3 Woodbury & Minot 135; Liddle v. Cory, 7 Blatch. 1; Whipple v. Hutchinson, 4 Blatch. 190; Phillips v. Detroit, 3 Bann. & Ard. 150; Sickles v. Borden, 4 Blatch. 15; Gompers v. Buck S. & R. Co., 221 U. S. 418, 450, 55 L. Ed. 797, 809.)

The petitioner was not free "to make himself the judge of the validity of the court's order" and "by his own act of disobedience" set same aside. (Gompers v. Buck S. & R. Co., *supra.*) By so doing he committed a wilful contempt of the trial court's deliberate order and that court has so found.

When viewed in the light of these indisputable legal conclusions, it cannot be denied that the trial court gravely abused its discretion when it "purged," or rather pardoned, the petitioner of the wilful crime he had committed. Such a finding of guilt will support a writ of error and such an abuse of discretion was properly corrected by the Appellate Court.

In conclusion, and by way of summary, this Honorable Court is requested to note that this petition for a writ of *certiorari* has not been presented within the statutory time; neither does it refer to such a case as will justify the grant-

ing of such a writ in that it involves no question of national relationship, public importance or conflict of judicial decisions. The Appellate Court's jurisdiction rested upon a writ of error from a finding of wilful, and therefore criminal, contempt of the District Court's injunction, and the errors assigned under said writ were directed to the trial court's abuse of its discretion in purging the petitioner of criminal contempt after finding it guilty thereof; and petitioner's thinly veiled excuses of the doctrine of repairs, and the suggestion that the infringing devices have been freed from the respondent's patented monopoly by the interlocutory decree, do not excuse the petitioner's wilful disregard of the injunction granted by said decree.

We pray this Honorable Court to deny this petition and thus afford the respondent the protection of the law against an infringer who has shown "a sedulous desire and disposition" "to do everything that he could do, and keep out of jail, and yet take advantage of the things that this man Wilson had invented." [Tr. p. 81.]

Respectfully submitted,

F. W. CLEMENTS,

G. BENTON WILSON,

Attorneys and Counsellors for Respondent.

Syllabus.

UNION TOOL COMPANY *v.* WILSON.

CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE NINTH CIRCUIT.

No. 132. Argued March 1, 2, 1922.—Decided May 15, 1922.

1. Upon an application of the plaintiff in a pending suit charging the defendant with several contempts of an injunction in the case, the District Court fined the defendant upon part of the charges, partly as punishment and partly as compensation to the plaintiff, and purged the defendant in other respects without prejudice to a renewal of the application. *Held:*

(a) That the order, taking character from its criminal feature, was subject as a final judgment to immediate review, on behalf of the defendant, by writ of error from the Circuit Court of Appeals. P. 110.

(b) That, when the order was thus brought before it, the Court of Appeals acquired jurisdiction to review it in its civil as well as its criminal aspects. P. 111.

(c) That the defendant having taken a writ of error, the plaintiff was entitled to review the part of the order unfavorable to himself, and that, only legal questions arising upon agreed facts being involved, his appropriate method was by a cross writ of error, irrespective of the remedial provision of the Act of September 6, 1916, c. 448, § 4, 39 Stat. 726. P. 111.

2. An order of the District Court in a contempt proceeding, which, through failure to apply well settled legal principles to a conceded state of facts, refuses to impose a fine on one party to a suit as compensation to the other for injury resulting from violation of an injunction, is subject to correction by an appellate court. P. 112.

3. A direction by the Circuit Court of Appeals that the District Court, in a contempt case, "impose such punishment as may seem proper," *interpreted,* in view of the opinion and other proceedings as referring to civil compensation. P. 112.

4. A writ of injunction, in a patent-infringement suit in the District Court, may properly bear teste of the Chief Justice of the United States. Rev. Stats., § 911; Jud. Code, §§ 289, 291. P. 112.

5. A party knowing of an injunction is bound to obey it, even if the writ has not issued. P. 113.

6. Objection to the teste of a writ of injunction may be waived if not seasonably made. P. 113.

7. Where a patentee obtained an injunction forbidding manufacture and sale of machines infringing his patent and of parts or elements that might be used in combination to effect infringement, and also an interlocutory decree requiring the manufacturer to account for damages and profits arising from employing the invention in machines sold prior to the injunction, but it did not appear that the patentee had received any compensation for the infringement by use of those machines, *held*, that no license to use spare parts in them could be implied, and that sale of such parts, to be so used, was a violation of the injunction for which a remedial fine should have been inflicted on the manufacturer upon application of the patentee. P. 113.

265 Fed. 669, affirmed.

CERTIORARI to a judgment of the Circuit Court of Appeals which reversed a judgment of the District Court purging the petitioner of contempt of an injunction. The case is stated in the opinion. See 265 Fed. 669, herein affirmed, and also 262 Fed. 431.

Mr. Frederick S. Lyon, with whom *Mr. Leonard S. Lyon*, *Mr. William K. White* and *Mr. A. V. Andrews* were on the briefs, for petitioner.

Mr. G. Benton Wilson, with whom *Mr. F. W. Clements* was on the brief, for respondent.

MR. JUSTICE BRANDEIS delivered the opinion of the court.

Wilson sued the Union Tool Company in the federal court for the Southern District of California, Southern Division, for infringement of a patent for underreamers. He obtained a decree for an injunction and an accounting, 237 Fed. 847, which was affirmed by the United States Circuit Court of Appeals for the Ninth Circuit, 249 Fed. 736; and a petition for writ of certiorari was denied by this court, 248 U. S. 559. Thereafter, a writ of injunction issued which forbade the manufacture and sale, not only of infringing machines, but also of parts or elements that might be used in combination to effect infringement.

Wilson claimed that there had been deliberate violation of the injunction both by the sale of infringing machines and by the sale of spare parts; and he moved in the District Court that the company and certain of its officers be punished for contempt or otherwise dealt with for violating it. The District Court found that, since the service of the injunction, the company had sold infringing machines; held it guilty of contempt in so doing; ordered that the company pay to the clerk of the court $5,000 as a fine, and that out of this sum $2,500 be paid to Wilson "as a reasonable portion of the expenses incurred" by him in the contempt proceeding; and further ordered that if the fine were not paid within twenty days, Double, the company's president, be committed to jail, to be there confined until it should be paid. The District Court also found that the company had sold, after the service of the injunction, spare parts to be used with machines or devices sold by the company prior thereto, and that these were of such a nature that when used in combination they would effect an infringement. But the court concluded, for reasons to be stated, that the sale of such spare parts should not subject the company to a fine, and purged it of contempt in that respect, without prejudice to the right of Wilson to renew his application.

To have this judgment entered in the contempt proceeding reviewed by the Court of Appeals, the company and Double sued out a writ of error; and thereafter Wilson sued out a cross writ of error. The two writs were considered and disposed of separately. On the original writ the judgment was modified by striking out all that related to Double; and it was reversed in so far as it "directed that $2,500 be paid to the clerk of the court as a punishment of the corporation." But in so far as the judgment directed payment to Wilson as compensation, it was affirmed. 262 Fed. 431. On the cross writ, which was heard and decided later, the Court of Appeals

overruled a motion to dismiss for want of jurisdiction; held the company guilty of contempt in selling the spare parts; held that the District Court had abused its discretion in purging the company of this contempt; reversed, in that respect, the judgment; and remanded it with directions to the District Court to impose such punishment as might seem proper. 265 Fed. 669. A motion of the company for leave to file a petition for mandamus to compel the Court of Appeals to vacate its judgment on the cross writ of error and to dismiss the latter was denied by this court. 254 U. S. 608. But a petition for a writ of certiorari was granted to review the reversal of the judgment in so far as it purged petitioner of contempt in selling the spare parts. 254 U. S. 624. And it is that alone which is now here for review.

The contention that the Court of Appeals was without jurisdiction of the cross writ of error is renewed here. It is argued that the judgment for contempt, so far as now sought to be reviewed, is remedial, not punitive; that being remedial it can be reviewed only on appeal and not on writ of error; that an appeal will not lie until after the final decree; and that no final decree had been entered, as the accounting was still in process. It is true that the part of the judgment for contempt now under review is remedial. But it does not follow that the Court of Appeals lacked jurisdiction to review it on the cross writ of error. The District Court entered a single order, part remedial, part punitive. Where a fine is imposed partly as compensation to the complainant and partly as punishment, the criminal feature of the order is dominant and fixes its character for purposes of review. *In re Merchants' Stock & Grain Co.*, 223 U. S. 639. If the company had acquiesced in the judgment entered, Wilson, having no right to initiate a review of the punitive part, could not have instituted any appellate proceeding until after final decree. *Matter of Christensen Engineering Co.*, 194

U. S. 458; *Doyle* v. *London Guarantee & Accident Co.*, 204 U. S. 599. See also *Alexander* v. *United States*, 201 U. S. 117, 122. But an order punishing one criminally for contempt, is a final judgment. The contemnor may obtain immediately a review by writ of error. *Bessette* v. *W. B. Conkey Co.*, 194 U. S. 324, 336–338. And the company availed itself of this right. When the order was thus brought before the Court of Appeals, it acquired, at the company's instance, jurisdiction to review that part which was civil as well as that which was criminal in its nature. In the exercise of that jurisdiction it granted, in respect to Double, relief which affected both the criminal and the civil parts of the order. If a cross writ of error had not been filed, Wilson could not have secured from the Court of Appeals relief in respect to that part of the order which was unfavorable to him. *Bolles* v. *Outing Co.*, 175 U. S. 262, 268. But a cross writ was duly filed; and that enabled the court to review the portion of the order, civil in its nature, which Wilson alleged to be erroneous; for the judgment in the contempt proceeding was a unit. The case resembles in some respects *Mayer* v. *Walsh*, 108 U. S. 17; *Walsh* v. *Mayer*, 111 U. S. 31, 37, 38. Compare *Field* v. *Barber Asphalt Co.*, 194 U. S. 618, 620, 621. The facts relating to the sale of spare parts were agreed; and the question before the court was merely as to their legal effect. That question could appropriately be considered on cross writ of error—even without resort to the power conferred by § 4 of the Act of September 6, 1916, c. 448, 39 Stat. 726. Cases like *Ex parte National Enameling Co.*, 201 U. S. 156, and *Farrar* v. *Churchill*, 135 U. S. 609, relied upon by the company, are not applicable.

The company contends also that the judgment of the District Court, being favorable to it in so far as it related to spare parts, was not subject to review by any appellate court, at any time, by any proceeding—although remedial

in its nature. The argument is that where the court of whose authority contempt is charged either finds that there was no contempt or purges the offender, a judicial power has been exercised which is discretionary and is not subject to review. But the fact that a remedial order was entered in a contempt proceeding is not in itself a reason why it should not be subject to correction by an appellate court. In *Worden* v. *Searls*, 121 U. S. 14, 26, such an order granting compensation was reversed by this court; and in the Court of Appeals like orders of the District Court denying compensation have been reviewed. *Enoch Morgan's Sons Co.* v. *Gibson*, 122 Fed. 420; *L. E. Waterman Co.* v. *Standard Drug Co.*, 202 Fed. 167. In the determination of the question whether an injunction has been violated and, if so, whether compensation shall be made to the injured party, there may be occasion for the exercise of judicial discretion; but the order to be entered in such a proceeding is not exclusively or necessarily a discretionary one. See *Christensen Engineering Co.* v. *Westinghouse Air Brake Co.*, 135 Fed. 774; *Gordon* v. *Turco-Halvah Co.*, 247 Fed. 487. Moreover, legal discretion in such a case does not extend to a refusal to apply well-settled principles of law to a conceded state of facts. See *Winchester Repeating Arms Co.* v. *Olmsted*, 203 Fed. 493, 494; *In re Sobol*, 242 Fed. 487, 489.

Minor objections of a procedural nature are also urged. It is said that while the infringement by sale of spare parts was a civil contempt, the Court of Appeals directed the District Court "to impose such punishment as may seem proper" and thus ordered criminal punishment. In view of the opinion and other proceedings, the direction must be understood as referring to compensation. Compare *Gompers* v. *Bucks Stove & Range Co.*, 221 U. S. 418, 441. Then it is insisted that the writ of injunction, although properly attested by the clerk of the District Court, was void and of no effect because it bears teste of

the late Chief Justice of the United States, whereas by § 911 of the Revised Statutes it should have borne teste of the District Judge. Under that section writs from the Circuit Courts bore teste of the Chief Justice; and since the transfer of their jurisdiction to the District Courts writs from them may be properly tested by the Chief Justice. See Judicial Code, §§ 289, 291. But the company is in no position to make the objection. Knowing of the injunction, it would have been bound to obey it even if no writ had issued. *In re Lennon*, 166 U. S. 548, 554. Moreover, the objection to the teste of the writ is made, so far as appears, for the first time, in the brief filed by petitioner in this court. Compare *District of Columbia* v. *Brooke*, 214 U. S. 138, 147.

On the merits the contention is this: The interlocutory decree awards to Wilson, among other things, compensation by way of damages and profits, for employing the invention in any machine sold prior to the service of the injunction. A patentee, in demanding and receiving full compensation for the wrongful use of his invention in devices made and sold by a manufacturer adopts the sales as though made by himself, and therefore, necessarily licenses the use of the devices, and frees them from the monopoly of the patent. This license continues during the life of the machine; it does not end when repairs become necessary. Spare parts are needed for repairs. Those here in question were sold for use in, and repair of, machines marketed by the company before the service of the injunction. Therefore, it is argued, the sale of these parts is licensed and thus not a violation of the injunction. But to this argument which prevailed in the District Court, there are several answers; and, among them, this: It does not appear that Wilson has received any compensation whatever for the infringement by use of these machines. Compare *Birdsell* v. *Shaliol*, 112 U. S.

485, 487–489. There was, consequently, no implied license to use the spare parts in these machines. As such use, unless licensed, clearly constituted an infringement, the sale of the spare parts to be so used violated the injunction. And the sale having been made with full knowledge of all relevant facts, the Court of Appeals properly held that, so far as Wilson had sought remedial, as distinguished from punitive action, the District Court was not justified in purging the petitioner of contempt arising from the sale of spare parts.

Affirmed.